NOMINATIONS

Executive nominations received by the Senate April 15 (legislative day of Apr. 11), 1933

SOLICITOR GENERAL

James Crawford Biggs, of North Carolina, to be Solicitor General to succeed Thomas D. Thacher.

UNITED STATES DISTRICT JUDGE

James A. Donohoe, of Nebraska, to be United States district judge, district of Nebraska, to succeed Joseph W. Woodrough, nominated to be United States circuit judge, eighth circuit.

UNITED STATES ATTORNEY

Clifton Mathews, of Arizona, to be United States attorney, district of Arizona, to succeed John C. Gung'l, whose term expired March 2, 1933.

COMMISSIONER OF INDIAN AFFAIRS

John Collier, of California, to be Commissioner of Indian Affairs, vice Charles J. Rhoads.

PROMOTIONS IN THE NAVY

Pay Director Christian J. Peoples to be Paymaster General and Chief of the Bureau of Supplies and Accounts in the Department of the Navy, with the rank of rear admiral, from April 29, 1933, for a term of 4 years.

WITHDRAWAL

Executive nomination withdrawn from the Senate April 15 (legislative day of Apr. 11), 1933

AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY

James Michael Curley, of Massachusetts, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Poland.

SENATE

MONDAY, APRIL 17, 1933

The Chaplain, Rev. ZeBarney T. Phillips, D.D., offered the following prayer:

Blessed Savior, who in Thy earthly life didst reveal the innocence of perfect holiness and, like some river born among the snows in the sunshine of the mountain top pouring its transparent waters into the turbid, tumultuous current of our humanity, didst refresh us by the love and purity of God; grant that we may know the joy and power of Thy resurrection, as through the avenue of sense we behold the earth mantling herself anew in robes of loveliness.

In the conviction of our immortality, set us free from the worldly tyrannies that bind us, and from every disposition to be cowardly and mean, that we may be consecrated to each new duty that confronts us, thus binding ourselves by a new chain to eternity, strong and confident in Thee, for Thou hast said: "Fear not; I am the first and the last; I am He that liveth and was dead; and behold I am alive for evermore." Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of Saturday, April 15, 1933, when, on request of Mr. ROBINSON of Arkansas and by unanimous consent, the further reading was dispensed with and the Journal was approved.

CALL OF THE ROLL

Mr. LEWIS. Mr. President, I note the absence of a quorum and request a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bone	Capper	Couzens
Ashurst	Borah	Caraway	Cutting
Austin	Bratton	Carey	Dickinson
Bailey	Brown	Clark	Dieterich
Bankhead	Bulkley	Connally	Dill
Barbour	Bulow	Coolidge	Duffy
Barkley	Byrd	Copeland	Erickson
Black	Byrnes	Costigan	Fletcher
Frazier	King	Nye	Stephens
George	La Follette	Overton	Thomas, Okla.
Glass	Lewis	Patterson	Thomas, Utah
Goldsborough	Logan	Pittman	Townsend
Gore	Lonergan	Pope	Trammell
Hale	Long	Reed	Tydings
Harrison	McAdoo	Reynolds	Vandenberg
Hastings	McCarran	Robinson, Ark.	Van Nuys
Hatfield	McGill	Robinson, Ind.	Wagner
Hayden	McKellar	Russell	Walsh
Hebert	McNary	Schall	Wheeler
Johnson	Metcalf	Sheppard	White
Kean	Murphy	Shipstead	
Kendrick	Neely	Smith	
Keyes	Norris	Steiwer	

Mr. REED. I desire to announce that my colleague [Mr. DAVIS] is absent on account of illness, and I desire that this announcement may stand until his recovery has so far progressed that he will be able to leave the hospital.

Mr. McKELLAR. I desire to announce that my colleague the junior Senator from Tennessee [Mr. BACHMAN] is necessarily detained attending the funeral of the late Mr. Meehan, a distinguished citizen of Tennessee.

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

5-DAY WEEK, 6-HOUR DAY—MOTION TO RECONSIDER

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that at the conclusion of the morning business the Senate proceed to the consideration of the motion to reconsider the vote by which Senate bill 18, regulating the hours of labor, was passed, and at not later than 1 o'clock and 50 minutes p.m. the Senate proceed to vote on said motion without further debate.

The VICE PRESIDENT. Is there objection?

Mr. TRAMMELL. Mr. President, I did not hear the latter part of the Senator's request.

Mr. ROBINSON of Arkansas. I requested that at not later than 1:50 o'clock p.m. the Senate proceed to vote on the motion to reconsider.

Mr. HATFIELD. At 1:50 o'clock?

Mr. ROBINSON of Arkansas. Yes; at 1:50 p.m.

Mr. McNARY. Mr. President, I objected Saturday, as I did the day before, to a unanimous-consent agreement of this kind. I have now just one suggestion to make, namely, that the hour be fixed at not later than 1:30 p.m.

Mr. ROBINSON of Arkansas. Very well; I modify my request so as to fix the hour at not later than 1:30 p.m.

The VICE PRESIDENT. Is there objection to the request as modified? The Chair hears none, and it is so ordered.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint memorial of the Legislature of the Territory of Alaska, which was referred to the Committee on Education and Labor:

IN THE LEGISLATURE OF THE TERRITORY OF ALASKA,
ELEVENTH SESSION.

Senate Joint Memorial 4 (by the committee on mines, manufacturing, and labor)

To the President of the United States, to the Congress, and to the Committees on Labor in the House and Senate of the Congress of the United States:

Your memorialist, the Legislature of the Territory of Alaska, has learned with consternation that Alaska is included in the provisions of a bill introduced into the Congress of the United States by Representative CONNERY known as House bill No. 2867; and

Your memorialist respectfully represents:

That more than 95 percent of all laborers in Alaska are employed in seasonal occupations and that the average working hours for the year do not exceed 4 hours per day;

That more than 25,000 of these laborers are engaged in the fishing industry covering a coastal distance of more than 3,000 miles; that fishing operations in Alaskan waters are by regulation of the Bureau of Fisheries arbitrarily limited to a period less than 60 days for each season, which obliges the fishing industry to concentrate the year's effort within that short period, involving the production of some $50,000,000 worth of fishery products; that 80 percent or more of the revenues of the Territory are derived from the fishing industry; that many of the companies have operated at a loss for the past 2 years, and the enactment of the proposed legislation would compel them to discontinue operations, and the Territory of Alaska would be bankrupt and unable to support its schools, dependents, and indigent persons and to continue other essential activities;

That more than 6,000 laborers are engaged in the placer-mining industry in Alaska, covering an area of 590,000 square miles; this work is also seasonal and laborers are employed not more than 120 days during the year. Most of the mining is carried on by individuals or small companies in isolated places who employ less than 10 persons each, and it would be impossible for them to continue mining under the proposed schedule;

That the remaining wage earners, not exceeding 2,000 persons, are engaged in lode mining and other industrial pursuits throughout this vast Territory, and their employment does not exceed an average of 50 hours per week;

That workmen who are engaged in seasonal vocations will be deprived, under the proposed law, of the employment to make it possible for them to sustain themselves and their dependents and will be forced to leave the Territory and seek employment elsewhere;

That the extension of the proposed enactment to the Territory of Alaska would be ruinous to our industries, our canneries would be compelled to cease operations, most of our mines would be closed, unemployment would be greatly increased, and our Territory reduced to a state of bankruptcy and our people to want: Now, therefore, your memorialist, the Legislature of the Territory of Alaska, in the eleventh regular session assembled, most humbly and respectfully petitions and prays that the Territory of Alaska be exempted from the operations of House bill No. 2867 and all similar legislation limiting the hours or days during which any industry in Alaska may operate.

And your memorialist will ever pray.

Passed by the senate April 4, 1933.

ALLEN SHATTUCK,
President of the Senate.

Attest:

AGNES F. ADSIT,
Secretary of the Senate.

Passed by the house April 4, 1933.

JOE McDONALD,
Speaker of the House.

Attest:

C. H. HELGESEN,
Chief Clerk of the House.

A true copy:

AGNES F. ADSIT,
Secretary of the Senate.

The VICE PRESIDENT also laid before the Senate a resolution adopted by the Board of Supervisors of the County of Los Angeles, Calif., favoring amendment of the Reconstruction Finance Corporation Act so that work-relief projects may be provided for worthy unemployed residents who own homes or farms or equities therein, which was referred to the Committee on Banking and Currency.

He also laid before the Senate a petition of sundry citizens of the State of Louisiana, praying for a senatorial investigation of alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which was referred to the Committee on the Judiciary.

He also laid before the Senate 2 memorials and 8 letters and 58 telegrams in the nature of memorials, signed by approximately 600 citizens of the State of Louisana and 4 citizens of the States of Illinois, Kansas, and New York, endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him, and remonstrating against a senatorial investigation of his alleged acts and conduct, which were referred to the Committee on the Judiciary.

Mr. COPELAND presented the petition of members of the Buffalo (N.Y.) branch of the American Association of University Women, praying for the prompt ratification of the World Court protocols with no obstructive reservations thereto, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the East Buffalo (N.Y.) Real Estate Association, favoring the passage of legislation to equalize the cost of railroad transportation with competing busses and trucks " in order to save the railroads from ruin ", which was referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by the board of directors of the Young Women's Christian Association of Jamestown, N.Y., opposing the building of a larger navy, and favoring instead a constructive and needed public-works program, which was referred to the Committee on Naval Affairs.

He also presented resolutions adopted by a special meeting of Forest City Branch, No. 40, National Association of Letter Carriers, of Cleveland, Ohio, favoring the giving of work on routes to substitute carriers whenever the regular carriers are off duty for any reason whatsoever, and favoring the reestablishment of a 2-cent postage rate on first-class mail matter, which were referred to the Committee on Post Offices and Post Roads.

He also presented a memorial of sundry citizens, being employees of The Hazel-Atlas of New York, Inc., of Lancaster, N.Y., remonstrating against the passage of legislation limiting working time to five 6-hour days per week, which was ordered to lie on the table.

REPORTS OF THE COMMITTEE TO AUDIT AND CONTROL THE CONTINGENT EXPENSES OF THE SENATE

Mr. BYRNES, from the Committee to Audit and Control the Contingent Expenses of the Senate, to which was referred the concurrent resolution (H.Con.Res. 15) creating a joint committee to investigate the causes of the wrecks of dirigibles, reported it with an amendment.

He also, from the same committee, to which was referred the resolution (S.Res. 55) to investigate the delay in prosecuting alleged law violations by the Harriman National Bank, New York City, reported it without further amendment.

CLAIM OF SCHOOL DISTRICT 13, OKLAHOMA

Mr. THOMAS of Oklahoma. Mr. President, during the last session of Congress there was passed by the Senate a bill for the relief of a small Indian orphan school in Oklahoma. It did not carry any appropriation, but authorized the Indian Office to pay out of the existing appropriation the contract price for taking care of certain orphan children. The bill passed the Senate in the closing days of the Senate, but did not get through the House.

A similar bill was introduced at this session, being Senate bill 73. From the Committee on Indian Affairs I report back favorably without amendment Senate bill 73; and, if there be no objection, I will ask unanimous consent for its present consideration.

Mr. ROBINSON of Arkansas. I have no objection to the present consideration of the bill.

Mr. McNARY. Mr. President, I ask that the clerk report the bill; I am not familiar with it.

The VICE PRESIDENT. Without objection, the clerk will report the bill by title.

The CHIEF CLERK. A bill (S. 73) to authorize the Comptroller General to allow claim of district no. 13, Choctaw County, Okla., for payment of tuition for Indian pupils.

Mr. McNARY. I inquire what is the amount involved?

Mr. THOMAS of Oklahoma. It takes about $3,500 of an existing appropriation to be paid on contracts between the Government and the school districts for taking care of these orphan children. No new appropriation is required. It is merely designed to meet the requirements of the Comptroller General.

Mr. McNARY. Is the money to be taken out of an unexpended balance or is it to be taken out of the tribal funds?

Mr. THOMAS of Oklahoma. It is a gratuity appropriation, I will say.

Mr. McNARY. A similar bill passed the Senate at the last session?

Mr. THOMAS of Oklahoma. Yes.

Mr. McNARY. And this bill has been reported favorably by the committee?

Mr. THOMAS of Oklahoma. It has.

Mr. McNARY. I have no objection.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the bill was read, considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General is hereby authorized and directed to allow payment of claims of the public-school district no. 13, Choctaw County, Okla., for tuition of Indian pupils during the fiscal year 1931, in the sum not to exceed $3,435.61 from the appropriation entitled " Indian schools, Five Civilized Tribes, Oklahoma, 1931."

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TRAMMELL:

A bill (S. 1383) for the relief of Adam Paul Small; to the Committee on Naval Affairs.

A bill (S. 1384) granting a pension to Elise M. Lum; to the Committee on Pensions.

By Mr. HEBERT:

A bill (S. 1385) for the relief of the Wakefield Trust Co., of Wakefield, R.I.; to the Committee on Claims.

By Mr. DILL:

A bill (S. 1386) to provide for a preliminary examination of Nisqually River and its tributaries in the State of Washington with a view to the control of their floods; to the Committee on Commerce.

By Mr. CAREY:

A bill (S. 1387) to provide for the immediate settlement of the obligations of the United States under the World War Adjusted Compensation Act, as amended; to the Committee on Public Lands and Surveys.

By Mr. NEELY:

A bill (S. 1388) granting a pension to Stanley N. Rice; to the Committee on Pensions.

By Mr. COPELAND:

A bill (S. 1389) to amend section 2 of the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914 (38 Stat.L. 730; U.S.C., title 15, sec. 13); and

A bill (S. 1390) to amend section 5 of the act entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes", approved September 26, 1914 (38 Stat.L. 719; U.S.C., title 15, sec. 45); to the Committee on Interstate Commerce.

A bill (S. 1391) for the relief of the Brooklyn Trust Co., of Brooklyn, N.Y.;

A bill (S. 1392) for the relief of the Chemical Bank & Trust Co., successors to United States Mortgage & Trust Co., of New York City, N.Y.;

A bill (S. 1393) for the relief of the Glens Falls National Bank & Trust Co., formerly Glens Falls Trust Co., of Glens Falls, N.Y.;

A bill (S. 1394) for the relief of the Lawyers Trust Co., formerly Lawyers Title Insurance & Trust Co., successors to the Central Realty Bond & Trust Co., of New York City, N.Y.;

A bill (S. 1395) for the relief of the Marine Trust Co., of Buffalo, N.Y.;

A bill (S. 1396) for the relief of the Marine Trust Co., of Buffalo, N.Y.;

A bill (S. 1397) for the relief of the Marine Trust Co., successors to Buffalo Trust Co., of Buffalo, N.Y.;

A bill (S. 1398) for the relief of the National City Bank of New York, successors to the Peoples Trust Co., of Brooklyn, N.Y.;

A bill (S. 1399) for the relief of the Title Guarantee & Trust Co., of New York City, N.Y., successors to Manufacturers Trust Co., of Brooklyn, N.Y.; and

A bill (S. 1400) for the relief of the United States Trust Co., of New York City, N.Y.; to the Committee on Claims.

By Mr. FLETCHER:

A bill (S. 1401) to pay a gratuity to Emma Ferguson Starrett; to the Committee on Foreign Relations.

A bill (S. 1402) for the relief of Gerardo Fernandez; to the Committee on Military Affairs.

By Mr. KING:

A bill (S. 1403) to authorize the merger of The Georgetown Gaslight Co. with and into Washington Gas Light Co., and for other purposes; to the Committee on the District of Columbia.

By Mr. McNARY:

A bill (S. 1404) for the relief of officers and soldiers of the volunteer service of the United States mustered into service for the War with Spain and who were held in service in the Philippine Islands after the ratification of the treaty of peace, April 11, 1899; to the Committee on Claims.

By Mr. SHEPPARD:

A bill (S. 1405) for the relief of John Z. Lowe; to the Committee on Claims.

A bill (S. 1406) to provide that transferors for collection of negotiable instruments shall be preferred creditors of national banks in certain cases; to the Committee on Banking and Currency.

AMENDMENT OF EMERGENCY RELIEF AND CONSTRUCTION ACT

Mr. SHEPPARD submitted six amendments intended to be proposed by him to the bill (S. 509) to amend the Emergency Relief and Construction Act of 1932, which were referred to the Committee on Banking and Currency and ordered to be printed.

RELIEF OF AGRICULTURE—AMENDMENT

Mr. KING submitted an amendment intended to be proposed by him to the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, which was ordered to lie on the table and to be printed.

6-HOUR DAY, 5-DAY WEEK—MOTION TO RECONSIDER

The VICE PRESIDENT. Morning business is closed; and under the unanimous-consent agreement the question is on the motion of the Senator from Florida [Mr. TRAMMELL] to reconsider the vote on the passage of Senate bill 158.

Mr. HATFIELD. Mr. President, I understand the motion of the Senator from Florida [Mr. TRAMMELL] to reconsider the vote by which S. 158 was passed is now before the Senate for consideration.

The VICE PRESIDENT. The Senator is correct. The question is on agreeing to the motion of the Senator from Florida.

Mr. HATFIELD. I wish to address myself to that motion.

The VICE PRESIDENT. The Senator from West Virginia is recognized.

Mr. HATFIELD. Mr. President, I trust the motion to reconsider, offered by the able and patriotic Senator from Florida [Mr. TRAMMELL], will prevail. I wish to support his motion by submitting before the vote is taken briefly a few facts which I believe pertinent and informing.

The representatives of labor have given serious thought to this legislation and favor it with a protective amendment, as do many industrial operators and owners who are anxious to assist in relieving the distressed and who have to my personal knowledge operated their plants for the last 2½ years for two purposes solely. First, to give their employees something in the way of work that will enable them to support their families; secondly, because the shutting down of many industrial plants means their utter deterioration and ruin. With these aims in mind they have continued to operate their plants notwithstanding they have suffered substantial losses each succeeding quarter when balance sheets are made up and invoice taken as to the financial status of the industry. There has not been a period in this industrial depression that the average industry, in my judgment, has not lost money.

To vote for this bill as it passed the Senate means that the loss to these industries would increase to an extent where this additional burden could not be absorbed. The same principle applies to the wage earner in that it means a reduction from one third to one half the paltry consideration he is receiving for what little work he is able to obtain at the present time.

The Black bill in its present form, instead of providing employment for our millions of unemployed workers, to my mind will actually force additional hundreds of thousands of American workers out of jobs.

I have been wondering if we, as a legislative body, are correctly appraising the proper relations of our own Government with the other governments of the world in this transitional period of reconstruction.

I wonder if those who are responsible for the conduct of our Government are approaching these difficult problems with the conviction that all the financial theories in the world brought together in one combined effort and inacted into law cannot redeem a single dollar of our national or individual indebtedness, or even put a part of the unemployed to work for any great period of time, financed by the Government, and by so doing bring to an end the direful industrial and economic condition that now confronts the American people at this hour. The brief executive messages advocating single pieces of legislation do not indicate the theory of reconstruction nor do they vision the entire plan of the present administration so as to enable us to answer the question, whither are we drifting and what type of government are we creating by this hastily prepared and briefly considered legislation?

The debts which are piled upon the backs of the American taxpayers as a result of our participation in the World War, and the obligations that have continued with but short intervals intervening, must be paid some day, in some way, and the greater the principal, the greater the burden of interest which now has reached the colossal sum of $700,000,000 per year, with an additional $400,000,000 per year for the sinking fund to redeem this debt.

I am wondering if these directors of our country's destinies are taking into consideration that these obligations made by law can only be redeemed by our toiling millions when gainfully employed and unhampered by the Government with numerous impractical laws.

We know that the rank and file of the American people not only have the courage, but the industry to work. What they most desire at this hour is steady employment, with a return worthy of their hire. If they can be secure in their employment, they will have the thrift and patriotism to pay the Nation's debt. We cannot do this, however, by giving to foreign labor their work opportunity here at home. The same results would obtain should this body adopt a law requiring one group of States, before shipping their products into interstate markets, to adopt a limited number of work hours and limit of days for a work week, as against another group of States that have an 8-, 10-, or 12-hour workday with 6 days per week.

It is true that all of the States will be alike affected by this law, but how about Canada, separated from the United States by an imaginary line, with a land area greater than our own, with no statutory limitation as to hours of work and that has a yearly trade with us of $327,000,000, largely competitive with our adjoining States.

It is, however, true that Europe and Asia would be even more destructive in case of the adoption of this law without proper protection to labor, due to the great depreciation in their currencies which have a much lower value than the currency of Canada. European and Asiatic currencies have decreased in value to the point where our tariffs are now ineffective. The results of this competition could be narrated by many within the sound of my voice if they desired to bear testimony. Outstanding examples of the ravages of depreciated currency are the condition of many of the industries of the Pacific States, especially the great State of Washington, where many industries there have been almost entirely wiped out.

Mr. President, I favor the principle advocated in limiting the hours for labor so that there will be greater work spread. It is a rational step; one that will assure results if properly safeguarded in the interest of both industry and labor.

However, I believe the road to prosperity for our common country in the years immediately ahead is to make it as nearly as possible self-sufficient, maintaining a proper balance between its basic industries and supplying its own orders. I am aware of the fact that this attitude is criticized by some as being narrow nationalism. A study of Europe's dilemma, almost impossible of solution, and a review of our own progress as a nation of people, justify this attitude from my viewpoint, and our experience with Europe during and since the war confirms it.

From conversations I have had with some Members of this body since the bill was passed, I am convinced that some were unintentionally misled into voting against the amendment which I offered and which was rejected by a vote of 41 to 39.

Section 482 of the Tariff Act of 1930, paragraph (a), reads:

> Every invoice covering merchandise exceeding $100 in value shall, at or before the time of shipment of the merchandise, or as soon thereafter as the conditions will permit, be produced for certification to the consular officer of the United States.

That is the existing law, and, so far as I have been able to learn, there has been no complaint that such certification was onerous. Incidentally, these restrictions were in force in 1913 and prior to even that date.

As an indication that the foreign producers are able to comply with requirements of American law and that they will be able to produce their merchandise on the basis of the 30-hour work week, if such requirement is made necessary, it might be well to call the attention of the Senate to section 481 of the Tariff Act of 1930.

Briefly, this section of the existing law provides that invoices shall set forth the destination of the merchandise, the place from where it was shipped, a detailed description of the merchandise, the quantities, the purchase price of each item, and whether the goods were sold or are consigned and, if not sold to the importer, the wholesale value of such merchandise.

These provisions have been in effect for more than 20 years. The additional requirement that goods seeking entry into the American market in competition with American-made goods should comply with the same restrictions which Congress imposes on products of American labor certainly will not permit of honest complaint on the part of any fair-minded person.

Mr. President, it will be noted that all merchandise imported must be accompanied by an invoice and that this invoice must be certified to by an American consul. It will be noted also that the present law requires:

> Any other facts deemed necessary to a proper appraisement, examination, and classification of the merchandise that the Secretary of the Treasury may require.

Naturally, if the Black bill is amended to require that products of foreign labor seeking a market in the United States be produced on a 30-hour-per-week basis they will be produced under the conditions Congress sets forth.

The amendment, which provides that the same restrictions apply to products of foreign workers as apply to products of workers of our own country, will not add any additional burdens to either the foreign producers or our consuls in foreign countries.

The Secretary of the Treasury will notify, through the State Department, our consuls in foreign countries that in certifying invoices the shipper of those foreign-made articles shall certify that the articles were produced by workers employed not more than 30 hours per week. This requirement is thoroughly in keeping with the provisions of the Black bill which impose on American workers and those American producers who seek the privilege of entering into interstate trade in our country a limitation of the 30-hour work week.

Surely it will not be contended that we should place such restrictions on the products of workers in each of our own 48 States and hesitate to place similar restrictions on the products of aliens in foreign countries, the products of which compete in the American market with the products of our own workers.

As an illustration, let me cite some specific cases. We have in my State the largest American factory devoted to the production of hand shovels. The factory is located in Parkersburg, which is across the Ohio River from the State of Ohio and only 100 miles from Pennsylvania. The Black bill, unless properly amended, will permit of foreign-made shovels, produced by workers employed from 40 to 60 hours per week in foreign countries, being sold in Pennsylvania and Ohio while the shovels produced in West Virginia cannot be sold in either Pennsylvania or Ohio unless the American workers are restricted to 30 hours per week. Is such legislation fair to our American workers and to our American industries?

One of the largest sugar refineries in Cuba is owned and operated by the Hershey Co. The Hershey Co., I understand, is owned entirely by American capital. This company, under the Black bill as it is now written, can employ workers in its Cuban refinery from 50 to 60 hours per week, and sell the product of these workers all through the United States in competition with products of workers employed in American refineries, where the workers, under the Black bill, would be restricted to not more than 30 hours per week.

Even without this added restriction on the products of American workers, I understand that refineries in Baltimore, in Atlanta or Savannah and Galveston, employing American workers, have been forced to close because even under present conditions they cannot compete with the American-owned Cuban product. What will happen to employment opportunities for American workers if we add to the advantages already possessed by this American concern, with its manufacturing plant located in Cuba, some 90 miles from our own country?

Less than a year ago Congress found it necessary to place an excise tax on imports of gasoline and its products in order to permit employment opportunities for American oil-field and refinery workers in America.

Should the Black bill be passed without proper amendments, it is only a question of a few months when those now employed in American oil fields and refineries will find it impossible to compete with products of oil fields and refineries of South and Central America.

The Western and Southwestern States benefit largely through the sale of wool used in American woolen and worsted mills. How many of these mills will be able to continue to operate, using American wools, working only 30 hours per week, in competition with the products of foreign mills, using foreign wools, working their workers from 40 to 60 hours per week?

What will happen to those workers of Maine, Michigan, Wisconsin, Washington, and other States now employed in the lumber and paper mills if American workers are restricted to not more than 30 hours per week, while Canadian mills are able to ship in the product of workers employed from 40 to 50 hours per week?

What, may I suggest, will happen to the employment opportunities of those American workers employed in the copper and metal mines and smelters of Michigan, Montana, Utah, Arizona, New Mexico, Colorado, and other States when American workers are restricted to not more than 30 hours per week, while the products of the mines and smelters of Mexico, Canada, and other countries produced with workers employed from 50 to 60 hours per week are offered in the American market?

Mr. President, the illustrations which I have cited can be multiplied many thousands of times. I only recite these few instances to impress upon those who are giving me attention in my discussion of this motion the effect that the bill will have upon the industries that are to be found in every one of the 48 States of the Union.

In all sincerity, I ask, is it fair for an American Congress deliberately to enact legislation which will result in the loss of employment opportunities for American workers under the mistaken idea that because we call it a shorter work week it is beneficial to our workers?

I want to say that I do not believe there is an American wage earner today within the confines of this Republic who would be in favor of this bill as it passed the Senate if he knew what would happen to him with respect to his working opportunities, which it is very difficult for him to get at the present time, regardless of the wage that may be offered him.

Should we enact such legislation, especially with some 15,000,000 of American workers out of employment, when even the slightest consideration should indicate that our actions will force additional hundreds of thousands out of employment unless we make the restriction apply to all goods, whether of foreign or domestic production?

Mr. President, some Members of the Senate have contended that placing on products of foreign workers the same restrictions that are placed on the products of American workers may handicap the present administration in making reciprocal treaties with foreign countries.

Such a contention is so absurd that it is hardly worthy of consideration, even should the Congress abdicate its authority in treaty-making and authorize the President to negotiate and conclude such treaties.

However, in view of the fact that such thoughts may influence some Members of the Senate, permit me to suggest that the passage of legislation placing on the products of foreign workers the same restrictions that are placed on the products of American workers should make it much easier for the State Department to negotiate the contemplated treaties with foreign governments. With the legislation in force which I hope will be adopted, it will give the State Department something to trade with should they so desire. On the other hand, if we should pass the Black bill in its present form we would automatically make it harder for the State Department to secure those concessions which undoubtedly they have in mind at the present time.

Mr. President, I do not advocate, as some have contended, any embargo. Some Members of the Senate who have in the past indicated a hostility to legislation which would place the products of foreign workers under the same restrictions that the Black bill applies to products of American workers have openly advocated a complete embargo on the products of foreign agriculturists. Why not protect the purchasing power upon which the American farmer is dependent?

I do not seek to place any restriction on products of foreign workers different from those which we apply to products of our own American workers.

I have pointed out how, under existing law, the foreign producers, shipping products of foreign workers into the United States, must furnish an invoice certified by an American consul. If the Black bill is properly amended, all that will be necessary for the foreign producers seeking entry into the American market will be to employ their workers not more than 30 hours per week, and to have the American consul so certify. Such products will then be able to find entry into our country just as freely as they do now in competition with our home products.

I sincerely trust that the motion to reconsider will prevail, and that we will then be able to proceed properly to amend the Black bill in a way which will make it a real relief measure, and which will enable many to support it who cannot support it at the present time because, in our judgment, it destroys the work opportunities of American wage-earners to the advantage of those who are now largely in possession of our commerce and trade, which is responsible in part for the continued depression which exists under the American flag today.

Mr. VANDENBERG. Mr. President, I desire briefly to supplement the observations that have been submitted by the able and courageous Senator from West Virginia [Mr. HATFIELD], who always speaks in behalf of protection and in behalf of American labor.

I remind the Senate that I voted in favor of the 30-hour week bill. I believe in its general principle although I should prefer to express the principle differently. I shall vote for it again; but I shall also vote to reconsider for the purpose of permitting considered contemplation of the problem involved in the amendment which the Senator from Florida proposes to attach, and which, as I understand it, will duplicate the amendment which the Senate rejected by a narrow majority of one upon motion of the Senator from West Virginia when the bill was originally under consideration.

I submit, Mr. President, that those who believe in the theory of the 30-hour week itself ought to want this amendment attached. The 30-hour week would lose most of its charm and its attraction if it is accompanied by a reduction in wages proportionate thereto. The able Senator from Alabama [Mr. BLACK], who sponsors this legislation, has repeatedly expressed his hope that the net result would not be a reduction in pay proportionate to the reduction in working hours; but how can a proportionate reduction in pay be avoided if we are opening the American market to a competition from foreign production that is not similarly restricted in respect to hours of labor?

There is not a Senator in this Chamber who would dare to propose to repeal or relax our immigration restrictions today. There is not a man who would stand upon the floor of the Senate and propose any such relaxation. Why not? Because that relaxation would bring into the United States new competition by way of foreign labor for the poor supply of jobs now available for our own men.

What is the difference between letting foreign labor come in and compete with us under our own flag and permitting their products to come in on a basis which puts our products at a disadvantage? The net result is precisely the same.

Therefore, I submit that at the very moment when we would deny any relaxation in immigration we certainly should deny any relaxation in other differentials which make it possible for us to retain such employment and such industrial activity as we still preserve for ourselves.

Mr. President, I submit that in the very theory of the shorter work week bill itself—namely, the theory that we are not to reduce wages but that we are to reduce time and maintain wages—it is necessary, for the protection of the genius of the bill itself, to attach the amendment which it is proposed by the Senator from Florida [Mr. TRAMMELL] and the Senator from West Virginia [Mr. HATFIELD] to attach.

Mr. President, I call your attention to another thing:

We are working here on a farm relief bill. Under the terms of that farm relief bill we are proposing to increase the price upon agricultural commodities within the United States. At the same time we are providing in that bill that this increased commodity price index in the United States shall be protected against foreign competition by a proportionate increase in the tariff upon the related commodities. That is entirely appropriate. In other words, when we are dealing with agriculture we frankly confess our purpose to protect the opportunity of agriculture to enjoy these new benefits which we propose to give them. Will you tell me why, in the same breath, we should deny American industry and American labor the right to enjoy the benefits which we propose to give them under the shorter work week bill? Why are not those two problems upon a dead parity? Upon what theory do we propose to increase the agricultural advantage of the American farmer and protect him in that advantage against foreign competition, when in the same breath we propose tentatively to give American labor an advantage, and then decline to protect American labor against the type of foreign raid which would nullify and take away every single advantage which the shorter work week bill could bring?

Mr. President, I wish that the able Senator from West Virginia [Mr. HATFIELD] had reiterated to the Senate the telegram from Mr. Matthew Woll, of the American Federation of Labor, which he submitted on April 6, and which is found at page 1320 of the RECORD. I propose to read it again to remind the Senate of the fact that our task is only half done when we create the shorter work week. Along with the shorter work week, if it is to be in any degree a blessing, must go protection for the earnings which are possible by labor under the terms of that shorter work week program.

This is what Mr. Woll has to say on the subject:

> The pending 30-hour work week limitation to products of American labor will prove most harmful unless the bill is broadened to include those products of labor of foreign nations which compete in the American market with the products of American labor.

It seems to me that is an axiom.

> We fear that limiting pending bill to products of American labor will result in work being done in Canadian and foreign branch factories of American concerns as well as products of foreign concerns.

Mr. President, one can put his finger right on that hazard, and it cannot be escaped. One of the baneful things that has happened in the past decade is expatriation of American capital and its establishment of branch plants and mass production in Canada and other foreign nations. Is it not perfectly patent that if we put restrictions upon hours of labor within the United States without at the same time protecting our markets against imports not similarly limited we put a new premium upon the expatriation of American capital into branch factories, and that we have put a special premium upon the extension and the expansion of those branch factories established under other flags by way of production which otherwise might stay here at home? I continue reading from Mr. Woll:

> Therefore we respectfully request your forceful action toward the adoption of an amendment which will make the pending bill effective on all manufactured products entering into interstate sale, whether the product of American workers or the product of foreign workers.

That is just a plain, simple appeal for fair play and equality, for parity and a square deal as between foreign production and domestic production.

> Will appreciate your presenting these views and appeal to Members of Senate before final action on pending bill.

Mr. President, the Senator from West Virginia [Mr. HATFIELD] ably presented those views. They have been supplemented by the presentation of the Senator from Florida [Mr. TRAMMELL]. I rise only to say that I am voting to reconsider for the purpose of permitting the Senate to look this challenge squarely in the eye, and answer it on its merits, a thing which I fear was not wholly done before because of the very limited consideration that was given to it, although, in spite of that limited consideration, the roll call on the amendment submitted by the Senator from West Virginia stood at a tie vote, until one of our colleagues across the aisle changed his vote ere the announcement was finally made. The view of the Senate was that close upon preliminary presentation of the subject, and was that close to an adequate consideration of the American viewpoint.

I am voting to reconsider solely for the purpose of voting again to attach this amendment to the bill, and I repeat, so that there may be no misunderstanding about my views, that I shall then vote for the bill, with or without the amendment, but I shall vote for it feeling that it is infinitely more advantageous as a charter to American labor if the amendment is attached.

Mr. HEBERT. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. HEBERT. I was interested in the observation of the Senator regarding the loss of advantage in the restriction of immigration which comes because of our admission of foreign products. As I understood the Senator, his argument was that whatever of advantage came to us from a restriction of immigration was lost because of the importation of goods produced abroad. I wonder whether it would not be better to permit immigration, rather than to permit the products of foreign factories to come into the United States, since, if we had immigration, we would at least have the consuming power of those who came here, and at the present time we do not have it, though we have the products with which to compete.

Mr. VANDENBERG. Mr. President, I think the Senator's position is well taken. We both agree that America should be saved against all these hazards.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Florida [Mr. TRAMMELL] to reconsider the vote by which the bill was passed.

Mr. HATFIELD. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BLACK. Mr. President, I want to say just about two words in connection with this question. I cannot see how any real friend of the bill will vote for reconsideration. If the amendment proposed could be placed on the bill, we know that the luggage would be too heavy to carry. So I hope that no one will be deceived into believing that he could vote for reconsideration and for putting that amendment on the bill, without at the same time, in effect, voting against the bill.

The PRESIDENT pro tempore. The yeas and nays having been ordered, the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. McKELLAR (when Mr. BACHMAN's name was called). The junior Senator from Tennessee [Mr. BACHMAN] is absent on account of the death of a friend, but he has a general pair with the Senator from Vermont [Mr. DALE].

Mr. HAYDEN (when his name was called). On this vote I have a general pair with the Senator from South Dakota [Mr. NORBECK]. If permitted to vote, I should vote "nay." If the Senator from South Dakota were present and voting, he would vote "yea."

Mr. LOGAN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS]. In his absence, not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. BLACK. I desire to announce that the Senator from Illinois [Mr. LEWIS] and the Senator from Mississippi [Mr. STEPHENS] are necessarily detained from the Senate on official business.

Mr. KING. Mr. President, on this vote, I have a general pair with the Senator from Connecticut [Mr. WALCOTT]. I understand that if that Senator were present he would vote "yea." If I were permitted to vote, I should vote "nay."

Mr. COPELAND (after having voted in the negative). I have a pair on this matter with the senior Senator from Ohio [Mr. FESS]. I transfer that pair to the Senator from Illinois [Mr. DIETERICH] and permit my vote to stand. If the Senator from Ohio were present and voting, he would vote "yea", and the Senator from Illinois [Mr. DIETERICH] would vote "nay."

The result was announced—yeas 31, nays 52, as follows:

YEAS—31

Austin	Dickinson	Hatfield	Reynolds
Bailey	Fletcher	Hebert	Schall
Barbour	George	Kean	Steiwer
Bulkley	Glass	Keyes	Townsend
Byrd	Goldsborough	McNary	Trammell
Byrnes	Gore	Metcalf	Vandenberg
Carey	Hale	Patterson	White
Coolidge	Hastings	Reed	

NAYS—52

Adams	Connally	Lonergan	Robinson, Ark.
Ashurst	Copeland	Long	Robinson, Ind.
Bankhead	Costigan	McAdoo	Russell
Barkley	Couzens	McCarran	Sheppard
Black	Cutting	McGill	Shipstead
Bone	Dill	McKellar	Smith
Borah	Duffy	Murphy	Thomas, Okla.
Bratton	Erickson	Neely	Thomas, Utah
Brown	Frazier	Norris	Tydings
Bulow	Harrison	Nye	Van Nuys
Capper	Johnson	Overton	Wagner
Caraway	Kendrick	Pittman	Walsh
Clark	La Follette	Pope	Wheeler

NOT VOTING—12

Bachman	Dieterich	King	Norbeck
Dale	Fess	Lewis	Stephens
Davis	Hayden	Logan	Walcott

So the motion to reconsider was rejected.

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY

Mr. LA FOLLETTE. Mr. President, on Saturday last the Senator from Nevada [Mr. PITTMAN], now occupying the chair, introduced a joint resolution providing for the enactment into law of an informal agreement reached between the officials of the State of New York and the officials of the Federal Government concerning the allocation of power in the construction of the works on the St. Lawrence waterway. I understand that at the time the joint resolution was introduced the Senator from New York [Mr. COPELAND] suggested that it should be referred to the Committee on Commerce. It is my understanding that the Chairman of the Committee on Foreign Relations thought that the joint resolution should be referred to his committee. In view of the discussion which took place the joint resolution was permitted to lie on the table without reference. I seek now, Mr. President to invite the consideration of the Senate to the question of the reference of that joint resolution, and I want to make a brief statement in connection with it.

The Senate Committee on Foreign Relations held protracted hearings on the St. Lawrence Waterway Treaty. Those hearings were conducted by the subcommittee, of which the then chairman of the committee, the Senator from Idaho [Mr. BORAH], was chairman. That committee heard, so far as I know, every witness, pro and con, concerning the treaty who indicated a desire to be heard. The testimony is exhaustive and covers a great many pages.

In the course of those hearings the question of the allocation of costs between the State of New York and the Federal Government naturally was brought before the committee. Representatives of the New York Power Authority, as well as representatives of the Engineer Corps of the Army and representatives of the State Department, were heard by the committee.

During the course of those hearings the late Senator from Montana, Mr. Walsh, suggested that it would be possible for representatives of the State of New York, through their power authority, legally constituted, and the Engineer Corps of the Army, to reach an informal agreement as to the allocation of cost of these works. Pursuant to that suggestion made by the late Senator from Montana there were informal conferences between representatives of the Government of the United States and representatives of the State of New York, and they finally presented to the subcommittee of the Committee on Foreign Relations the result of those conferences. The joint resolution introduced by the distinguished Chairman of the Committee on Foreign Relations provides for the enactment of that agreement into law.

In view of this history of the proceedings with reference to the treaty, in view of the genesis of this agreement between the representatives of the State of New York, through their power authority, and the representatives of the Government of the United States, it seems to me that no Senator could have any question but that the proper committee to assume jurisdiction of the joint resolution is the Foreign Relations Committee, which has considered this whole matter from every angle, and through the activities of which this informal agreement was reached.

Furthermore, I may say, Mr. President, that the committee has at this session of Congress, by an overwhelming vote, reported favorably the St. Lawrence Seaway Treaty to the Senate; but it is important that this joint resolution should precede the consideration of the treaty by the Senate. Therefore, Mr. President, I am very hopeful, in view of this brief résumé of the facts which I have given to the Senate, that the Senator from New York will withdraw his objection to the reference of the joint resolution to the Foreign Relations Committee, and, in order to bring the question to a head, I move that the joint resolution be so referred.

Mr. LONG. Mr. President, I am very glad to see the Senator from New York taking the position which he is taking in regard to this treaty. It is high time that someone was thinking about the commerce of the United States instead of about foreign commerce. When this treaty shall be ratified the only thing for those of us living in the Mississippi Valley and in the Eastern States to do will be to move to Canada, anyway. I understand that this treaty project proposes putting up about $600,000,000 of American money for the purpose of building up waterways and ports of Canada, so that the present advantage which they have will be more enhanced, to the point where we will have nothing but Canadian ports for America. With the flood-control work being needed to be done in this country as it is, with people down in Mississippi and Louisiana, Arkansas, Missouri, and Illinois being inundated by the flood waters of the North, the proposal at this time to take $600,000,000 of public money to carry on a project to build up ports in Canada is not feasible. We have not had enough domestic consideration given to this St. Lawrence Waterway Treaty. I am entirely in sympathy with the position of the Senator from New York, and think that we ought to have a committee which is studying the commerce of our own country to consider this matter, particularly as it relates to a contract between the State of New York and the Federal Government and to a contract which is proposed to be made for the benefit of the Dominion of Canada. I hope the Senator from New York, in undertaking to protect the welfare of his own State, will maintain his position and will see that this resolution, which is strictly a matter of domestic consideration, shall remain in the hands of the Committee on Commerce.

Mr. LEWIS. Mr. President, I rise to a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. LEWIS. I have just returned from the Supreme Court of the United States, where a cause on argument compelled my attendance. May I ask the Chair to state what is the particular motion before the Senate as to the St. Lawrence waterway treaty, as I am interested in behalf of the State of Illinois.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Wisconsin to refer Senate Joint Resolution 43, relative to the distribution of the waters of the St. Lawrence River under the St. Lawrence Treaty between the United States and Canada, to the Foreign Relations Committee.

Mr. LEWIS. May I ask what is the issue, Mr. President? The motion is to refer the subject to the Foreign Relations Committee. Is there any other motion before the Senate to create an issue opposing such disposition?

The PRESIDENT pro tempore. That is the only motion pending before the Senate at the present time.

Mr. BORAH. Mr. President, the argument presented by the able Senator from Louisiana [Mr. LONG] seems to me to go to the question whether the treaty as a treaty should be ratified; but, so far as the particular question involved in Senate Joint Resolution 43 is concerned, it is now a part of the hearings and has been considered by the Committee on Foreign Relations. I cannot see why it should be separated from the proceedings thus far had in the Committee on Foreign Relations. It has been a part of the hearings; it has been considered by the committee; it will have to be considered in connection with the treaty when that document comes before the Senate; and why it should be taken away from the Foreign Relations Committee it seems to me rather difficult to understand. I take it that the Foreign Relations Committee will give as sincere and earnest consideration to domestic commerce. It is a subject which the Foreign Relations Committee has taken charge of under the jurisdiction which fundamentally belongs there, and it seems to me the joint resolution should go to the Committee on Foreign Relations.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Wisconsin.

Mr. COPELAND. Mr. President, this is probably not the time to discuss the merits of the St. Lawrence Waterway Treaty. Of course, I cannot conceive it possible that the Senate would vote to spend $325,000,000 of American money on an all-British canal at a time when we are reducing the pensions of veterans and the wages of employees. It would be very strange if we thought of doing such a thing. When the treaty comes up for consideration it will be demonstrated that it is so filled with provisions unfavorable to America that certainly it will never receive the favorable consideration of the Senate.

But the matter at issue is not the question of the treaty. It relates to what charge shall be made against the State of New York for the power developed in the international section of the St. Lawrence River. The matter at issue has nothing whatever to do with our relationship to a foreign country; it is purely a domestic problem. It was perfectly right for the Foreign Relations Committee to consider the treaty, to consider what should be put into the treaty with Canada, and to make an agreement regarding the terms of such a treaty.

But the series of resolutions introduced by the Chairman of the Foreign Relations Committee, and which have not been before us to be read until this morning, have nothing whatever to do with the treaty. Part of the language of the preamble is as follows, found on page 2 of the printed resolution:

> Whereas the United States engineers and the Power Authority of the State of New York have, as a result of a series of conferences, entered into a joint recommendation with respect to the allocation of cost of the works in the international rapids section of the St. Lawrence River for power and navigation, which is embodied in a memorandum dated February 7, 1933.

There is not a Senator here, unless he be a member of the committee, who has ever read that memorandum. I live in the State of New York and in part represent that State in this body, but until I sent this morning to the Army engineers for a copy of that memorandum I never had seen it. I have it in my hand, and have had it in my possession about an hour. Other Senators do not know what is in it.

Why, as a matter of fact, should the Foreign Relations Committee have any power to deal with a problem purely domestic? Senators do not have to take my word that it is a domestic problem. When the treaty was transmitted to the Senate by the President—and what I refer to is found on page 7 of the hearings on the St. Lawrence waterway—the President said:

> The disposal of this power is reserved as a purely domestic question in the United States.

That was the statement of the President of the United States when he transmitted the treaty. The treaty related only to the international relationships and had nothing to do whatever to the disposal of power.

I find also in the statement of the Secretary of State in transmitting the treaty, as it appears on page 10 of the hearings, in speaking about power development, the following:

> This provision, of course, leaves each of the Governments free to settle the purely domestic question of utilization of water power.

Mr. VANDENBERG. Mr. President, will the Senator yield for a question?

The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from Michigan?

Mr. COPELAND. I yield.

Mr. VANDENBERG. The Senator discusses the Foreign Relations Committee as though he thought it a committee of foreigners. I am quite at a loss to know why the Foreign Relations Committee cannot be trusted to conclude a contract with the power authority of his own State when that power authority, so far as I know, is in complete concurrence with the Foreign Relations Committee at the present moment. Do I misstate that so far as the Senator knows?

Mr. COPELAND. Of course the Senator from Michigan is facetious.

Mr. VANDENBERG. No; I am not facetious. I am intending to be very serious.

Mr. COPELAND. It is perfectly absurd for any Senator to suggest to another Senator that any committee of the Senate is made up of foreigners. I have no doubt about the loyalty and patriotism and qualifications of each and every member of the Foreign Relations Committee; but we have committees in the Senate organized for specific purposes. The Committee on Foreign Relations has nothing to do as a committee with domestic concerns, and of course nobody knows that better than the intelligent Senator from Michigan.

Mr. VANDENBERG. The Senator knows I agreed with him last Saturday that his statement is scrupulously correct; that if this were a new matter, in my judgment, it would have no place in the Foreign Relations Committee. But I remind him again that after 3 months of work in constant and harmonious contact with the power authority of his own State the whole subject matter has been completely probed and surveyed and concluded, so far as I know, to the satisfaction of the Power Authority of New York. I am asking the Senator whether his quarrel over the reference indicates that I am right in my opinion that the power authority is dissatisfied with the treatment it has received or the conclusions which have been reached in contact with the Foreign Relations Committee?

Mr. COPELAND. No matter what may be the motive back of the question I shall answer as courteously and as responsively as I can.

The power authority is in favor of the resolution and, if I am rightly informed, prepared the resolution. At least I was told by the chairman of the power commission that this is what they desire. I said to him as frankly as I say to the Senate now, that this relates to a domestic question and ought to be referred to the Committee on Commerce. That is where it ought to go.

The Senator asks why. He spoke about the 3 months of effort on the part of the Foreign Relations Committee. I suppose I am almost the only Member of the Senate, outside of the distinguished members of that committee, who has read the hearings. I observe that the Senator from Michigan was assiduous in his attendance and faithful in his duties in connection with the hearings. I pay him that tribute.

I might say, too, as a matter of sentiment, that a few days before he left Washington, former Senator Walsh, of Montana, handed me his copy of the hearings and asked me to read the particular testimony which he had indexed on the front of the volume. He knew of my opposition to the all-British canal and he desired, if he could, to weaken my opposition. He said he was satisfied if I would read the testimony I would change my opinion regarding the matter. So it is with considerable emotion that I speak as I do this morning.

But we are not today discussing the treaty. We are speaking about what shall be done with the power incidental to the building of the all-British canal.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from New York yield to the Senator from Illinois?

Mr. COPELAND. I am glad to yield.

Mr. LEWIS. Having very great interest in the treaty because of its relations to the State of Illinois, particularly to the waters that surround the city of Chicago, which I and my honorable colleague represent here in this body, might I ask the Senator from New York or our able friend the Senator from Michigan [Mr. VANDENBERG] what is the particular thing that is sought to be accomplished by the resolution? What is the particular subject matter upon which it enters and that is to be disposed of as distinguished from that which the treaty itself represents?

Mr. VANDENBERG. Mr. President, will the Senator from New York yield to enable me to answer the Senator from Illinois?

The PRESIDING OFFICER. Does the Senator from New York yield for that purpose?

Mr. COPELAND. I yield.

Mr. VANDENBERG. The resolution deals exclusively and solely with the contract that shall be made with the State of New York in respect to power if, as, and when a treaty is executed. The pending question has nothing to do with the merits of the treaty or the project. It is solely a modus vivendi under which New York and the Federal Government shall live in respect to the power contract if subsequently the treaty is ratified. The whole quarrel seems to be whether the resolution shall go to the Foreign Relations Committee, which has jurisdiction of the contract as well as the treaty heretofore, or whether it shall go to the Committee on Commerce, I assume for the purpose of starting the inquiry all over again.

Mr. LEWIS. May I ask the Senator from New York if he concurs in the response of the able Senator from Michigan?

Mr. COPELAND. I do not, and I will answer him in a moment.

Mr. VANDENBERG. In what respect did I misstate the facts?

Mr. WAGNER. Mr. President, will my colleague yield?

The PRESIDING OFFICER. Does the senior Senator from New York yield to his colleague?

Mr. COPELAND. I am glad to yield.

Mr. WAGNER. May I ask the Senator from Michigan a question? Is the Senator from Michigan of the view that because the Committee on Foreign Relations had under consideration this treaty between the United States and Canada, as it has jurisdiction over all treaties between the United States and other countries, that, therefore, that committee shall forever consider all questions that relate in any way to the carrying out of the treaty? For instance, in the event the treaty is ratified undoubtedly bills will be introduced providing for an appropriation to construct the dams or submerged weirs or whatever may be constructed in connection with navigation. Does the Senator contend that because we had hearings in relation to the treaty the Committee on Appropriations shall be divested of jurisdiction of that appropriation question, and that it ought to be referred for consideration to the Committee on Foreign Relations?

Mr. VANDENBERG. Mr. President, will the senior Senator from New York permit me to respond to his colleague?

Mr. COPELAND. I yield for that purpose.

Mr. VANDENBERG. Certainly not; and I thought I had made it repeatedly plain that the only reason on earth why I joined the Senator from Nevada [Mr. PITTMAN] and the Senator from Wisconsin [Mr. LA FOLLETTE] in suggesting that this particular resolution should go to the Foreign Relations Committee is that all of the preliminary hearings and work and contract in respect to this specific phase of the matter already have been canvassed in that committee.

Mr. WAGNER. So have we in that committee canvassed the probable cost of construction of the whole project, the amount of appropriations that would probably be required in order to carry it out. The argument of the Senator from Michigan would apply equally to any appropriation bill that may be offered because we have had these preliminary considerations of the subject. I do not think it is sound reason for divesting of jurisdiction a committee we have established in this body to deal with purely domestic questions, where all questions of expenditure for the promotion of commerce have heretofore been considered. I hope my colleague prevails in his demand that the resolution be referred to and considered by a committee which has always considered such questions and of which he is a member.

Mr. VANDENBERG. Mr. President, will the senior Senator from New York yield to enable me to ask his colleague a question?

Mr. COPELAND. I yield for that purpose.

Mr. VANDENBERG. The junior Senator from New York has been very frank. He will be equally frank, I hope, in stating that he hopes the entire subject matter can be postponed so far as any conclusive consideration in this session is concerned.

Mr. WAGNER. I do not understand the implication in the question of the Senator from Michigan. I am willing to trust the Committee on Commerce to do that which is for the best interests of the United States, just as I trust the Committee on Foreign Relations; but I say that merely because a committee has had preliminary consideration of the subject is no reason why thereafter it shall consider all phases of all legislation that may relate to subjects which have been heretofore considered by other standing committees of the Senate.

If I may say so to the Senate, I think it is rather a reflection upon the Committee on Commerce that it shall be divested of jurisdiction over this matter which, except for the fact that the Foreign Relations Committee has had hearings upon the treaty, would unquestionably have been referred to the Committee on Commerce.

Mr. VANDENBERG. Mr. President, if the Senator will be generous with me for just one further moment——

Mr. COPELAND. I will be, because I want to demonstrate to the Senator that I am not in a "quarrel" with him, as the Senator suggested I would be.

Mr. VANDENBERG. I am not in any degree interested in a quarrel over jurisdiction. It makes not the slightest difference to me which one of these committees should have original jurisdiction over this matter. I am interested in proceeding to a conclusion in the matter with the least possible delay; and I submit that with the contract completely surveyed, with the entire satisfaction, so far as I know, of the Power Authority of the State of New York, from my point of view it is nothing but needless delay to institute a new hearing of the entire subject matter.

I am not reflecting at all upon the motive, or impugning any motive, or implying any motive in respect to the reference to the Committee on Commerce. I am saying as a matter of cold fact that the reference to the Committee on Commerce means a substantial delay, and that is the sole reason why I am opposed to it.

Mr. WAGNER. Mr. President——

Mr. COPELAND. I yield to my colleague.

Mr. WAGNER. I suppose the Senator also contends that if legislation is proposed making an appropriation to carry out some of the provisions of this treaty or this agreement, that legislation ought not to be sent to the Committee on Appropriations, because perchance they may have to inquire as to the merits of the proposed legislation.

Mr. COPELAND. And consequently would delay action.

Mr. WAGNER. Yes.

Mr. VANDENBERG. I think the Senator knows that that analogy is not accurate.

Mr. WAGNER. I do not know it. Of course, the Senator knows everything. I do not pretend to know nearly so much.

Mr. VANDENBERG. The Senator knows that that statement is not accurate.

Mr. WAGNER. But there are some things that, with all humility, even I may understand.

Mr. COPELAND. Out of the abundance of his wisdom and knowledge, will the Senator from Michigan tell the Senate when it was that the Committee on Foreign Relations gave consideration to the material suggested by this joint resolution? In the hearings, did the Committee on Foreign Relations discuss how much the State of New York should pay for the allocation of the power privileges?

Mr. VANDENBERG. The Committee on Foreign Relations, under the particular attention of the late Senator from Montana, Mr. Walsh, brought together the engineers of the Government and the engineers of the New York Power Authority, and as a result of repeated conferences, and as a result of at least three hearings before the Committee on Foreign Relations, in which both the power authority and the War Department engineers were heard, a tentative agreement was had upon a maximum of $89,000,000 in respect to this phase of the undertaking.

Mr. COPELAND. But at no time has the committee had before it the final memorandum of the two groups; has it?

Mr. VANDENBERG. The committee had the complete tentative agreement which the engineers were authorized to put into final form.

Mr. COPELAND. Did the committee have before it for study the report made by this joint committee of the engineers and the power authority? Has the committee had that before it?

Mr. VANDENBERG. Which report does the Senator refer to? We have had so many reports.

Mr. COPELAND. I refer to the one which is mentioned in the joint resolution before us.

Mr. VANDENBERG. I think we did.

Mr. COPELAND. You did? Then why did you desire any further information or any further joint resolution?

Mr. VANDENBERG. No further information is necessary, but further authority is necessary.

Mr. COPELAND. Mr. President, I am here to say that further information is necessary.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Illinois?

Mr. COPELAND. I do.

Mr. LEWIS. I fear the Senator from Michigan, without intending so to do, has confused the subject; for it is my judgment, being a member of the Foreign Relations Committee and interested in the subject, that the Foreign Relations Committee have never investigated or had this subject before them. It was a subcommittee that had been appointed to listen to and investigate certain features to which I am sure my friend from Michigan is alluding.

Mr. VANDENBERG. That is entirely correct.

Mr. COPELAND. And, as a matter of fact, the memorandum was not prepared until the 7th of February. It has not been investigated or studied by the Foreign Relations Committee.

Now, Mr. President, let me go into this matter a little farther. I want to explain why it is that I want this matter sent to the Committee on Commerce. The Senator from Michigan may in his heart feel that my only reason for doing so is to delay the ratification of the treaty.

Mr. VANDENBERG. Will the Senator permit me to complete one set of facts to which he has just adverted? I know he wants to be entirely fair.

Mr. COPELAND. All right; go ahead.

Mr. VANDENBERG. The Senator referred to the fact that this memorandum was dated the first week in February, and inferred that the committee could not have had it before it because of that date. I remind him that our concluding consideration in the committee was the last week in February and the first week in March, and that we had hearings supplemental to the bound volume which the Senator has in his hand.

Mr. COPELAND. All the more reason, Mr. President, why there should be some leisure on the part of the Senate, some time taken, to consider supplementary hearings, if there are any such.

I am not surprised that the Senators from Illinois are interested. This is a very serious problem. Under this treaty, the United States abandons its ancient contention that Lake Michigan is an American lake. It gives it hereafter the same status as that possessed by the lakes on the international boundary. It puts Chicago and the State of Illinois absolutely at the mercy of Canada so far as the diversion of water through the drainage canal at Chicago is concerned.

Mr. LEWIS. Mr. President——

Mr. COPELAND. I yield to the Senator from Illinois.

Mr. LEWIS. That is in direct opposition to the declarations of former Secretary of State Root, who in his official capacity made the announcement in behalf of this Government that Lake Michigan was a domestic water, and not one over which the Committee on Foreign Relations had any jurisdiction.

Mr. COPELAND. Let me warn the Senator from Illinois and his colleague that when this treaty is ratified by the Senate, Lake Michigan will have exactly the same relationship to Canada that the St. Lawrence River has today. A careful reading of the treaty will convince any fair-minded man of the truth of what I say.

Under the agreement which has been entered into between the engineers of the United States and representatives of the Power Authority of the State of New York, it is proposed that the State of New York shall pay $89,726,000 of the cost of this improvement—practically $90,000,000. As a citizen of the State of New York and one of its representatives in this body, I want to know whether that is a fair charge to make against my State for what it is to receive. As a Senator of the United States, I want to know if that figure is fair to my country.

The Committee on Commerce, presided over by one of the fairest and truest men in this body—the junior Senator from Mississippi [Mr. STEPHENS]—has charge of problems like this, which have to do with river and harbors. It is that committee that has to do with flood control and power development. Why should an exception be made here?

My particular object in having this joint resolution referred to a committee competent by experience and authority to deal with the problems involved is that an economic study may be made. There is not any evidence of such a study in these hearings. Nobody knows how much the State of New York is going to suffer by the opening of the all-British canal. Nobody knows how much this country is going to suffer in its commerce by the development of the St. Lawrence route to the sea. There may be those here who are willing to have the port of Montreal—which now, next to New York, is the chief port of North America—made the chief port of North America. I am not. I am not interested alone in the commerce that goes out of the great port of New York; but I want the port of Boston, and the port of Philadelphia, and the port of Baltimore, and the port of Savannah, and other ports, to be guarded against the destruction of commerce which, in my opinion, would be sure to follow the ratification of this treaty and the fulfillment of its purposes.

I fail to find in this volume of hearings any careful study of what would happen in the way of diversion of commerce from American ports by the opening of the all-British canal. Anyone who dreams, as perhaps my friend from Michigan does, who believes in Santa Claus and fairy tales—anybody who believes that the *Leviathan* will ever tie up at a dock in Grand Haven, Mich., is very much mistaken. There will be no lines of service from remote parts of the world through the St. Lawrence Canal to the Great Lakes, to Detroit and Duluth and Milwaukee and Chicago. There will be occasional tramp steamers going up the river, but there will be no lines of service. How could there be?

Nobody on the face of the earth who has studied the problem can believe that there will be any west-bound freight which would justify regular lines of service. The only value that this St. Lawrence Canal could possibly have is for the transportation of wheat from the Northwest to Liverpool; and how any American wheat farmer could be deluded into the thought that he is going to benefit on that account by the development of this waterway is beyond my comprehension.

It is perfectly apparent that the wheat farmer living in Montana or the Dakotas who is benefited by this cheaper transportation must still compete with the farmer of Saskatchewan or Alberta in Canada. Whatever benefits in the way of freight rates that come to the American farmer will go likewise to the Canadian farmer. So in the race of competition in price there will be no advantage.

We know exactly what will happen as regards traffic upon this waterway, because we have a waterway there now. We have wheat taken in barges from Fort William and from Duluth down the Great Lakes, through the Welland Canal and the St. Lawrence to Montreal. Will you tell me what those barges take back? They come back empty.

Where is there an American who wishes to encourage the transportation of carload lots of goods from Europe to those western cities? Do we want plumbing supplies or stoves or furniture to be thus transported? We want our own manufacturers to make them. We are not going to look eagerly and cheerfully upon the importation through this waterway of shiploads of products which can be raised or made in the United States.

Mr. President, the Foreign Relations Committee did a very good job in determining the engineering features of this project. They have decided that it is feasible to build the canal. They have decided that power-development works can be built which will not be taken away by the ice. Some estimates have been given as to the cost of all this great undertaking. But where is there in the volume of the hearings the report of any study as to what is going to happen to our country by reason of the development of this proposed canal? That is what I want to know.

The Senator from Michigan need not complain; he can be just as quarrelsome, if it is to be a quarrel—and he suggested that word himself—in the Committee on Commerce as in the Committee on Foreign Relations, because he serves on both. He is not deprived of any of his natural-born or acquired privileges.

Mr. President, I wish every Senator would give himself the benefit of reading an editorial from the Toronto (Ontario) Mail and Empire, printed under date of July 19, 1932. When he reads this and discovers the glee with which the editor wrote the editorial because of the advantages given Canada and the check made on the efforts of Americans to guard the rights of this country, he will not longer be very enthusiastic over this treaty. It is filled with references to the advantages gained by Canada.

Of course, that is all right; I do not blame the Canadian delegates to the treaty convention.

Mr. LONG. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. LONG. As a matter of fact, the Canadian representatives get a good deal more trade by coming over here and helping us than they do by helping their own citizens. They have been over here with various and sundry negotiations, and in this case they are actually having us build them with American money an all-British canal to take away commerce from the United States. Our people have been trying to have the Mississippi waterway completed, but are told that the Government has not the money, even when it is solving the problem of flood control and is proposing to pay $600,000,000 to take traffic away from United States ports. Those Canadian representatives ought to stay here. They are doing their Government good.

Mr. COPELAND. They did very well while they were here, I will say for them.

Mr. President, I want to call attention to article 3, although I had not thought at all to discuss any of the parts of the treaty. I had thought merely to point out what I think is an error in attempting to refer this matter to the Committee on Foreign Relations, when it ought to go to the Committee on Commerce; but while we are about it, we might just as well say a few words about the treaty.

I call attention to article 3 of the treaty. This has to do with the international section of the river, the part where the Lachien Rapids are, and where the powerful currents of the river are capable of developing immense quantities of hydroelectric power.

This is what article 3 provides:

> The High Contracting Parties agree to establish and maintain a temporary St. Lawrence International Rapids Section Commission, hereinafter referred to as the Commission, consisting of 10 members, 5 to be appointed by each Government, and to empower it to construct the works in the international rapids section included in the project described in the final report of the Joint Board of Engineers (not included in the works provided for in articles I and II hereof, and excluding the powerhouse superstructures, machinery, and equipment required for the development of power) with such modifications as may be agreed upon by the Governments, out of funds—

Note this—

> which the United States hereby undertakes to furnish as required by the progress of the works, and subject to the following provisions.

"Out of funds which the United States hereby undertakes to furnish." Did anyone ever hear anything like that?

Mr. LONG. Mr. President, will the Senator yield?

Mr. COPELAND. I yield to the Senator from Louisiana.

Mr. LONG. I just wanted to say that there is such a thing as living on the interest of what you owe. In this instance we are asked to make a payment to Great Britain of $600,000,000 interest on what they owe us.

Mr. COPELAND. Mr. President, are we going to vote for a treaty which specifically and solemnly provides that the development of this international section of the river shall be done wholly at our expense? That is what the treaty provides.

I am not content to have the purely domestic features of this project referred to a committee which is willing to give away the money of the United States to Canada. With that money of ours—and I am speaking by the record; I am not making this up out of my head—with that money which we supply, "insofar as is possible in respect to the works to be constructed by the Commission, the parts thereof within Canadian territory, or an equivalent proportion of the total of the works, shall be executed by Canadian engineers and Canadian labor and with Canadian material."

Mr. President, that is what the treaty provides. We supply the money, we give all the money, and since a part of the work is to be done on Canadian soil with our money, the treaty solemnly proposes that wherever the work is done on Canadian soil the work shall be prepared by Canadian engineers, with Canadian labor employed, and Canadian material used.

Mr. President, here we are, with 13,000,000 unemployed in our country. We cannot get money enough to help the poor in our country, but we would actually supply these millions of dollars to build a canal largely on Canadian territory by the use of American money and Canadian labor. That is the absurdity of it. I did not want to speak about that this morning. But Senators will see how wrong it is to proceed with a project without having given any thought as to what will happen to our country if we carry it into execution.

I wish every Senator, if he does not choose to read the report of the hearings, at least will read the treaty itself. It is not long. It is perfectly surprising how much we can give away by the use of a little language. On pages 2, 3, 4, and 5—five pages of this volume I have in my hand—appears the treaty. Any citizen of the United States can have a copy of this volume containing the report of the hearings before a subcommittee of the Committee on Foreign Relations by writing to the Foreign Relations Committee. When our citizens come to realize what is proposed, that we are actually asked to give away the money of our country to provide a canal upon which will ride vessels carrying the British flag, when they once know that, they will rise up in protest.

Mr. LEWIS. Mr. President, will the Senator yield to me?

Mr. COPELAND. I yield.

Mr. LEWIS. I may add, with the Senator's consent, that after the United States had contributed the large sum necessary to pay for this undertaking, and it then becomes a British property, as the canal shall be used it is to be supervised and administered, during the time of its existence, by a body which, in the nature of things, under this treaty, must remain wholly British because directed by Canada. Therefore we are to be without voice, utterly without one, even in the administration of the water, and in any other place of authority where we could protect American ships carrying American grain on behalf of citizens of the United States.

Mr. LONG. Mr. President, I want to ask the Senator from Illinois if that will not mean that, for the first time in the history of the United States, we will have the British Government passing upon rates and charges we are to pay on our own commerce, being financed with our own money?

Mr. LEWIS. I have always conceived and frequently asserted, in my opposition to this treaty when it was in process of preparation, that the power would be granted under it, and in its administration, after it is completed, for Canada, in the protection of her own, to put such charges and burdens upon the ships that come through that canal as to make it impossible for American grain to go through on water on the way to Liverpool upon an equal basis with Canadian grain, while we have been deluded upon the theory that Canada, with intelligent people, is going to sit quietly and allow American grain, through the waters of Canada, to have privileges equal with British grain to a British market. Why anyone ever conceived that Canada could be so indifferent to its own interests as to allow that, I have never understood, and equally, therefore, since it is so apparent that the Canadian regulations and the wharf privileges will make it impossible for an American to get an equality of commerce with Canada, why, under the circumstances, the United States should be at all willing to ratify such a treaty.

Mr. COPELAND. Mr. President, and then, added to everything else, those favoring this treaty talk about a canal that is going to be useful to our country that will operate for only 6 or 7 months in a year. Day before yesterday the first ship reached Montreal this season. I myself have been over that river, have gone to Europe by way of the St. Lawrence and the Straits of Belle Isle. Even as late as early July the icebergs were so numerous that it was utterly impossible to traverse those waters with any degree of safety.

Mr. President, I would not think of taking any further time from the Senator from South Carolina [Mr. SMITH], who wishes to go on with the farm relief bill, but at another time I shall discuss this subject in detail. In the meantime, I hope the Committee on Commerce will be given the opportunity of studying the domestic problem involved.

RELIEF OF AGRICULTURE

The PRESIDING OFFICER. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business, being House bill 3835.

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

The PRESIDING OFFICER. The pending question is on the amendment of the Senator from South Carolina [Mr. SMITH].

The amendment was rejected.

Mr. LONG. Mr. President, may I inquire what was the amendment just voted on?

Mr. SMITH. It was the amendment which I proposed providing that States and subdivisions of States should be relieved from paying the tax.

Mr. LONG. At this time we had temporarily consented to the consideration of other amendments.

The PRESIDING OFFICER. The Chair will state to the Senator from Louisiana that the amendment of the Senator from South Carolina was offered by unanimous consent. The question now recurs on the amendment of the Senator from Montana [Mr. WHEELER] to the amendment offered by the Senator from Louisiana [Mr. LONG].

Mr. LONG. That is the next question. I wish to be recognized on that.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. POPE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Keyes	Robinson, Ark.
Ashurst	Couzens	King	Robinson, Ind.
Austin	Cutting	La Follette	Russell
Bailey	Dickinson	Lewis	Schall
Bankhead	Dieterich	Logan	Sheppard
Barbour	Dill	Lonergan	Shipstead
Barkley	Duffy	Long	Smith
Black	Erickson	McAdoo	Steiwer
Bone	Fletcher	McCarran	Stephens
Borah	Frazier	McGill	Thomas, Okla.
Bratton	George	McKellar	Thomas, Utah
Brown	Glass	McNary	Townsend
Bulkley	Goldsborough	Metcalf	Trammell
Bulow	Gore	Murphy	Tydings
Byrd	Hale	Neely	Vandenberg
Byrnes	Harrison	Norris	Van Nuys
Capper	Hastings	Nye	Wagner
Caraway	Hatfield	Overton	Walsh
Carey	Hayden	Patterson	Wheeler
Clark	Hebert	Pittman	White
Connally	Johnson	Pope	
Coolidge	Kean	Reed	
Copeland	Kendrick	Reynolds	

The PRESIDING OFFICER. On this call 89 Senators have answered to their names. A quorum is present.

Mr. SMITH. Mr. President, will the Senator from Louisiana allow me to make a brief statement?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from South Carolina?

Mr. LONG. I yield.

Mr. SMITH. Mr. President, I want to make one more plea to the Senate to expedite by all possible means the passage of the pending bill. We all know that it is going to pass, and if it is to be of any service at all, so far as this year's crops are concerned, it ought to be passed at the earliest possible time. It seems to me, having that thought in mind, we ought to expedite the passage of the bill, and as chairman of the committee I am going to use every effort I can to have it kept continually before the Senate until we shall reach a conclusion of it.

SILVER EXPANSION OF THE CURRENCY

Mr. LONG. Mr. President, I am in great sympathy with the thought expressed by the Senator from South Carolina.

I would be a little more definite than he, perhaps, in what I would say about the passage of the pending bill. I am desirous of great haste in passing a good bill for the farmers. I do not think the Senator from South Carolina and myself are in disagreement over the fact that if the bill shall pass in its present form it will not help the farmer. I do not think we are going to quarrel over that. Therefore I have a double notive—one, that which the Senator from South Carolina expresses, and one which the Senator from South Carolina has not expressed. In other words, the way I look upon this bill in its present form is illustrated by the remark of an old colored minister down in my section of the country who in preaching a funeral sermon said, "I hope that this brother has gone to the place where I expect he ain't."

Mr. President, at this time there is now before the Senate the question of the expansion of the currency, advocated by the Senator from Montana [Mr. WHEELER], the Senator from Oklahoma [Mr. THOMAS], and, incidentally, by myself. I have proposed what is known as the Cross bill, which was introduced in the other House and which received very favorable consideration, and, while I may be somewhat in error, if I remember aright it was reported favorably to the House by the committee to which it was referred in that body. I am going to read the first few lines of this bill in order that the Senate may understand the difference between my amendment and the substitute offered by the Senator from Montana [Mr. WHEELER]. Before doing that, however, I wish to say that there is only this difference between the Wheeler bill and the one I will call the Long bill: Both bills propose to remonetize silver. Under the amendment offered by the Senator from Montana we would simply go back to a law that was tried and proven to be sound and serviceable, while under my amendment we would go a little more to the side of experimentation such as has been urged by some of the authorities. I do not care whether the Senate shall vote for the Wheeler substitute—I may vote for it myself—or whether the Senate shall vote for the bill I have brought here, known in the House as the Cross bill. I think there is a great deal of merit to the argument of the Senator from Montana and of others that possibly the Wheeler substitute might be an improvement on the amendment which I have offered, but that is simply a matter for the Senate itself to decide.

The facts are, Mr. President, as they have been reported by the journals of the country—and I took the liberty to place on the desk of each Senator a copy of a magazine known as the Saturday Evening Post of the issue of April 15 containing an interesting article on this subject—the facts are that America and American commerce are at the mercy of foreign currency systems. England has gone off the gold standard in one respect, while in another respect she has not; but at least what England has done has been to depreciate the pound sterling to the point where, instead of its being maintained in the American market at $4.88, it is today quoted on the exchanges of the world at one third less than $4.88, or somewhere around $3.38 or $3.40. I have not noticed the market during the past few weeks particularly, but that is about the price at which the pound sterling is quoted on the exchanges.

Mr. President, England and France and Belgium and Spain and many other countries which I do not need to mention have so regulated their commerce that they can buy and sell from one another. England can ship shoes into Spain, and Spain can sell cowhides back to England. France can sell one thing to the Argentine and get her raw products from the Argentine; but the only kind of trade that can be normally carried on with America is what England can sell to America and France can sell to America, but America cannot sell much to France and America cannot sell much to England. I am not overstating that picture in any sense.

The fact is that the American money market has been practically regulated and manipulated by foreign powers. We have been talking about some kind of conference for the purpose of remonetizing silver; but we have been unable to get such a conference for the purpose of remonetizing silver, or, at least, to obtain any action on the part of foreign governments looking in that direction; but they have so regulated their currencies, their gold, and so recognized silver that it is traded in as a commodity of money with the countries with which they are dealing today. So successfully have they done this that the American Government sees the shoes of Great Britain, made of cowhides bought in Spain, sold in America; it sees the manufactured goods of Holland sold in America. Holland goes to other countries to get the raw materials and comes to America to sell the finished product, and unloads its manufactured or even raw commodities in this country without taking back to Holland a single thing in the way of American products for the use of the Hollanders. That is so true, Mr. President, that the only thing that England and France and Belgium and Holland have in America today is a trade balance payable in gold.

I wonder how many of us in the Senate have made any study of this matter at all? We have been waiting for our departments to report to us. About the time they get ready to report to us, some English statesman volunteer their assistance and offer to acquaint our department officials with the situation so far as it relates to America. They finally wind up over here by coming here with some kind of a bill or some kind of a recommendation, if they offer any recommendation, that fits the farmer and laboring man about as well as an ordinary sock would fit a chicken. How will this bill help anybody if we do not put currency in it?

I am not alone in that idea. The committee reporting the bill said practically that it is not going to do any good if we do not extend the currency. That is the report of the committee. Why did not the committee get down to business and do what it said ought to be done? the Senator from Kentucky [Mr. BARKLEY] inquired the other day. Why did not the committee, recognizing that the bill would not do what is actually desired, add to the bill a proposition for expansion of currency or remonetization of silver?

Mr. BANKHEAD. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Alabama?

Mr. LONG. I yield.

Mr. BANKHEAD. I will answer the Senator by saying that the Committee on Agriculture and Forestry felt that it did not have jurisdiction to deal with legislation relating to the currency or currency matters.

Mr. LONG. That being true, and I can see how the committee could well have that idea, it is all the more necessary now, inasmuch as the committee did not want to do violence to the jurisdiction of another committee, that the Senate should now do what the Senate Committee on Agriculture and Forestry said ought to be done, but which it did not think it had jurisdiction to do. There may not have been jurisdiction in the Committee on Agriculture and Forestry to do what it thought the circumstances required, but there is jurisdiction in the United States Senate to do what we know is required, if the legislation is going to be of any practical relief to the farmers or the American people.

We are not going to be able to sell our products abroad, but that is not all. If the Senator from Alabama [Mr. BANKHEAD] and the Senator from South Carolina [Mr. SMITH] will give me their close attention for a minute or two, I will show them that we are not accomplishing much if we pass the bill as it is now without having remonetization of silver or inflation of currency in it. We are practically wiping America out of business. It is proposed to put a process tax on cotton, on wheat, on swine, on rice, and some other things. It is proposed that if I take a hog to sell I am going to say, "This hog is selling on the market today for 7 cents a pound, but in the period we have selected as a basis that hog used to sell for 20 cents a pound. I am going to sell you the hog for 7 cents a pound and you are going to give me one of these process certificates and you are going to pay the Government 13 cents a pound and then I am going to get back the 13 cents a pound, making the hog a 20-cent hog." That is the first proposition.

But, Mr. President, we have a little effort in here to protect this by a tariff which it will not do and I will show why before I get through. We are leading the American commodities to slaughter because the English pound has been depreciated to where the American dollar deals in the market at a 50-percent disadvantage to the English pound. On that basis the more we raise our own prices and the more we are going to help foreign trade, the more possible it will be for them to sell the commodities of the British Empire and of other countries in America, because they are already at a 50-percent advantage by reason of the fact that their currency has been depreciated that much and we have held the American dollar up to its former standard. Therefore, every time we raise the price of the products of agriculture in America by a subsidy, just that much more simple and easy we make it for countries with silver remonetized and a depreciated currency to hurdle the little tariff walls we have and sell their products in the American market.

Can we go to those countries and make trade with them? No, indeed. On the contrary, the American dollar is on the same basis it was when the pound sold for $4.84. If we go to England today with our dollar held up to the standard of the $4.84 value of the British pound, we find the British pound selling for $3.38, and so we are dealing with them at a 50-percent disadvantage, because we would have to exchange our dollars for their pounds, and that means we lose 50-percent of the value in order to sell American raw or manufactured goods in England today.

Let me prove how this is actually working out. Do not take my word for it. Mr. Ford, of the Ford Motor Co., is establishing manufacturing agencies in Ireland and other European places, and today they are actually shipping Ford tractors from Europe to the United States and plowing ground with them in the State of Alabama. As a result of the currency inequality, as the result of our niggardly policy of refusing to recognize silver, they are actually taking American capital over to Europe, employing European labor, shipping manufactured articles back on British ships, and American money is having to buy them because, on account of our own currency and our own tariffs, we cannot compete with foreign countries in what they raise and in what they manufacture. That is a sad predicament for us to be in.

We have an economic conference called. "America ", so said one of our famous humorists, " has never been known to lose a war or to win a conference." We have another conference called. When this conference was first called, throughout the length and breadth of this country we read newspaper reports that Mr. Ramsay MacDonald, the Prime Minister of England, and representatives of other countries had said that they were not going to discuss anything except the war debts, that they were not going to extend the conference to include the currency, that they were not going to extend the conference to include any such thing as trade treaties or the like. All of a sudden they have had a very great change of heart. They were not going to send their Premiers or any of their big men over here. They were going to send some of the King's ordinary houseworkers, some third- or fourth-rate politicians from England, and whatever was submitted to them would be reported back by them to the Prime Minister for his final promulgation before the King.

But for some unknown reason they have suddenly changed their minds with reference to both of those declarations. The first one was that they were not going to talk over anything but war debts, but that has been broadened now to say that they will not only discuss war debts, but will discuss trade agreements and they are going to discuss the currency matter also. They did give that out in rather a veiled way. Not only are they going to permit discussion of those questions, but now they are going to send Prime Minister MacDonald back to see us, and the former Prime Minister of France, Mr. Herriot, is coming back, as well as the leading men of other countries. All of them are coming back to pay us a patriotic visit and now they intend to paint the skies just as they did when Woodrow Wilson once went to Paris, when they declared that America was the savior of the world. We have fallen for that kind of logic again. It is almost like ringing the funeral bells to hear them say it again.

But they have never changed their methods and practices of dealing with the American people. They always come out with a great placard that the hope of civilization is America. Six months ago they were calling us " Uncle Shylock " and saying we are nothing but money lenders and pirates; but at the same time they were unloading the German marks and English pounds and everything else on us, until they have taken practically everything we had to Great Britain and France and have financed themselves to the ultimate extent, and now they tell us that we should not go off our sound basis of currency, the gold standard, because it would injure our relationships with them. They urge that we should stay on the standard where we are in order that the depreciated currencies which they have taken advantage of themselves may be enjoyed abroad—to enable them to take American commerce in foreign countries away from the American trader, and then to come to America and sell their own raw products and manufactured goods without buying a single thing back from America, in such a manner that everything they bring to America is payable in the only American basis of currency we know and that is gold. Therefore, instead of taking back the goods of America, they establish nothing whatever but credit balances in the United States payable in gold.

How far have they gone? If they sell us $100,000,000 worth of goods and do not take back goods in payment for them, then America owes to Europe $100,000,000 in gold. They have finally gone on to where, according to the public dispatches I have had opportunity to read lately, they have in one country alone established a trade balance in a few months' time of $158,000,000 payable in gold. I will not be exactly certain of those figures. I am quoting them as nearly as I can from memory.

If they go on with that process, they can pay Argentina, they can pay Spain, they can pay Russia, they may be where they can pay Italy, and possibly be able to pay all the other countries with which they deal in the kind of currency which they are all recognizing today; but they have us refusing to recognize any basis of currency whatever except gold. Therefore they can trade with Spain and swap their currency for the currency of Spain; they can trade with Argentina and Brazil and trade their silver for the silver of those countries; but when they come to America to sell us we have to pay them in gold, because that is the only basis of currency that is recognized today by the United States.

What has been the result of it? We not only cannot get any of their trade, Mr. President, but they can get ours while we cannot get theirs. We not only cannot get our own trade—because they can leap what little tariff wall we have with their depreciated currency, and undersell our own manufacturers—we not only cannot get the trade of the other countries that they deal with, but we cannot even exchange them goods for the goods that they bring here. We have been required to establish trade balances payable in gold, to the disadvantage of the American people.

A while back we read that we were not going to allow gold to be exported; but now the Treasury has raised the ban, and announced to certain banking interests that they will be allowed to export our gold. I wonder if the Senator from South Carolina read that, and what he thought. We go down to the little man in South Carolina and say to him, " If you have any gold, you turn that gold into the United States Treasury or we will put you in the penitentiary." We have passed a law by which we have said that any man who keeps any gold in his pockets, and lives in America, will have to go to the penitentiary for doing so. That is what we have said to the American citizen; but after we get his gold in the Treasury, after we have taken it out of the pockets of the American people, after we have made the little American citizen give up the only kind of commodity base of currency that we recognize as a Government, then we say, "We will allow this gold which we will not allow our own people to keep to be exported from America by the bankers of England."

It cannot be kept by the American citizens, because it is our only base of money, and therefore it is too valuable to let our own citizens keep it in their pockets; but we will allow it to be sent over to the foreign countries to maintain the American dollar in Europe in order to discharge the trade balances that have been created by the disadvantage that the American people have in the exchange of currency!

That is what is happening. I wonder if anybody doubts that. Rather I wonder if there is anybody here who does not know that. I am wondering if they do not know that the only result that can possibly come from this policy of allowing all the foreign goods to be sold here, the American manufacturing plants to be shut down, the American farmer's products to be at a disadvantage, even in his own market—I am wondering if they have not the legislative or the congressional discretion to discern that the only result that can possibly come from this kind of a policy is the continued depletion of the gold supply in America and the continued loss of American trade and the continued loss of an opportunity for America to do business even in its own markets.

Mr. President, I have no pride of authorship. I advocated the expansion of currency sponsored by the Senator from Oklahoma [Mr. THOMAS] here last year. I still advocate it. I have even more strongly advocated the remonetizing of silver as advocated by the Senator from Montana [Mr. WHEELER]. If I could not get that, I would also advocate depreciating the gold content of the dollar, as advocated by the Senator from Texas [Mr. CONNALLY]. I naturally prefer to go the constitutional route of gold and silver for money. That has been the Constitution, and that has been the policy since the day of Abraham. Gold and silver have been the base of currency and of money since the day that civilization first began. Gold and silver were the base preferred by Washington, by Alexander Hamilton, by Thomas Jefferson, by Abraham Lincoln. Gold and silver were the currency base of this country for years and years up until 1873.

When President Grant signed the bill taking silver out of the category of the base for currency, he himself said he did not know the law contained any such provision as that, and if he had he would never have signed the bill. Furthermore, Mr. President, we today know that 60 percent of the people of the world recognize silver as the basis of currency and as money. Sixty percent of the people of the world have so recognized silver. People who today are selling in the American market have so recognized it.

I think, Mr. President, that either the amendment of the Senator from Montana [Mr. WHEELER] or my own amendment should be adopted to this bill. The Senator from Montana is the recognized national authority on this question. I am more anxious that the Senate should hear him than myself; and in concluding I suggest the absence of a quorum, in order that the Senator from Montana may present the arguments on this question.

The PRESIDING OFFICER (Mr. OVERTON in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Carey	Gore	McCarran
Ashurst	Clark	Hale	McGill
Austin	Connally	Harrison	McKellar
Bailey	Coolidge	Hastings	McNary
Bankhead	Copeland	Hatfield	Metcalf
Barbour	Costigan	Hayden	Murphy
Barkley	Couzens	Hebert	Neely
Black	Cutting	Johnson	Norris
Bone	Dickinson	Kean	Nye
Borah	Dieterich	Kendrick	Overton
Bratton	Dill	Keyes	Patterson
Brown	Duffy	King	Pittman
Bulkley	Erickson	La Follette	Pope
Bulow	Fletcher	Lewis	Reed
Byrd	Frazier	Logan	Reynolds
Byrnes	George	Lonergan	Robinson, Ark.
Capper	Glass	Long	Robinson, Ind.
Caraway	Goldsborough	McAdoo	Russell
Schall	Stephens	Tydings	Wheeler
Sheppard	Thomas, Okla.	Vandenberg	White
Shipstead	Thomas, Utah	Van Nuys	
Smith	Townsend	Wagner	
Steiwer	Trammell	Walsh	

The PRESIDING OFFICER. Eighty-nine Senators having answered to their names, a quorum is present.

Mr. WHEELER. Mr. President, I have hesitated somewhat about offering my amendment pertaining to silver to the present bill for the reason that I am as anxious as other Members of the Senate are to expedite the passage of the bill. I must confess, however, that when I say that I am anxious to see the passage of this bill, I do it with some fear and trembling as to what the result may be in the event that it is put into operation. I am so thoroughly convinced in my own mind that before agriculture can be put back on its feet something more fundamental must be done than the mere passage of a farm bill proposing by legislative enactment to raise the price of farm commodities that I reluctantly came to the conclusion that it was my duty as a Member of this body, and representing a great farming State, to offer my bill as an amendment to the farm bill.

Let me say to the Members of the Senate who suggested that that possibly should not be done, that the greatest farm organization in the United States of America, in their national convention held in the city of Omaha, went on record unconditionally for the passage of my bill, saying that it was one of the fundamental things that must be done and should be done in order to bring back the agriculture of this country.

Let me further call your attention to the fact that I am not suggesting some new and untried experiment in this country. The farm bill is admitted by the present President of the United States to be an experiment. Every piece of legislation that we have thus far passed at this session of Congress is admittedly an experiment. But I am suggesting to the Congress of the United States something that is not an experiment, something that was adopted by the fathers of this country and written into the law when they adopted the Constitution of the United States.

You men upon the other side of this Chamber who look upon Alexander Hamilton as the greatest Secretary of the Treasury of the United States will have to admit that Mr. Hamilton was one of those who wrote into the law of this country that we should have gold and silver upon a basis not of 16 to 1 but of 15½ to 1.

We had it in the law up to the year 1873, when the law was repealed. I should like to ask any Member of this body if he can tell us why silver was demonetized in 1873. I pause for an answer. Is there any man upon the floor of the Senate who can say that any agricultural group petitioned the Congress of the United States to demonetize silver? Is there anybody upon the floor of the Senate who can say that any group of bankers in the United States petitioned the Congress of the United States to demonetize silver? Is there anybody upon the floor of the Senate who can point to one single petition wherein the laboring men of this country petitioned the Congress of the United States to demonetize silver? There is not one. On the contrary, the man who introduced the bill which was afterward declared to have demonetized silver stated on the floor of the Congress that the bill would not have the effect of doing that which it was afterward contended it did. As has been well stated upon the floor of the Senate time and time again, President Grant, after he had signed the bill, stated that he did not know that that had been done.

Mr. President, I want to read a challenge which I issued when I introduced the bill which I am now offering as an amendment something over a year ago. I said then, and I say now, I assert, and challenge intelligent criticism, not mere denial, of the following statements:

First. The enactment of my bill into law would immediately thereafter nearly double the volume of the world's primary money, with the resultant increased conservative credit basis of twenty times the amount of primary money thus added to the world's stock.

Second. Within 1 year after the enactment of this bill the world's price of wheat, cotton, and all agricultural products would be more than trebled.

Third. The purchasing power of over 50 percent of the entire world's population now using silver as their sole yardstick of exchange and business transaction would contemporaneously be quadrupled; that is, the value of the silver stock would increase from 30 cents to $1.30, resulting in the creation of a market which would more than absorb all the surplus of our raw materials and manufactured products.

Within 2 years all our present agricultural land values throughout the United States would be more than quadrupled, thereby transforming the present frozen assets of the country banks in agricultural communities into liquid assets.

The unemployed-labor problem would be rapidly solved.

Contentment, happiness, and lucrative occupation would be substituted for discontent and despair, with the inevitably resulting tragedies which follow and which must follow unless something is done to relieve the present economic situation, and done very quickly.

Mr. President, I am not criticizing the administration. They were thrown unexpectedly, so to speak, into the situation in which they now find themselves, with banks failing all around them, almost in the worst chaotic condition in which this country has ever found itself. They were thrown into that condition, and, on the spur of the moment, it was necessary for them to enact legislation which was hastily conceived, and in many instances probably not well conceived. Nevertheless, every single piece of legislation that has thus far passed the Congress of the United States during the present administration has been of a deflationary character. According to Mr. Green, more men are out of employment today than were out of employment on the 4th day of March. Increasing unemployment during February and March has brought the total number of America's unemployed to above the 13,000,000 mark, President William Green of the American Federation of Labor said this week, basing his estimate on Government figures and reports from affiliated unions. According to Mr. Green's figures, about 230,000 workers lost their jobs during March, an alarming sign at this time of the year, when, he pointed out, industry generally takes on workers for the spring's busy season. The drop in jobs, he declared, means that buying power is still more reduced, deflation is greater, and that a larger number of persons are dependent upon charity.

Mr. President, let me read from an article with reference to world trade.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Utah?

Mr. WHEELER. I yield.

Mr. KING. Does not the Senator think his generalization is a little too broad? It occurs to me that the measure which we passed a few days ago providing for the development of forests, and so on, and calling for an appropriation of nearly $300,000,000, all of which will be expended in payment of labor—and that means consumption, of course—would relieve the situation of the charge which the Senator has made.

Mr. WHEELER. I will say to the Senator that $300,000,000 at the present time is infinitesimal in comparison with the tremendous deflation that has been carried on, by taking $500,000,000 of appropriations from the veterans at one time, cutting labor all over the country in another deflationary act. Spending $300,000,000 is so infinitesimal that it will not be felt in this country whatsoever.

Mr. KING. Mr. President, will the Senator yield further?

Mr. WHEELER. I yield.

Mr. KING. The $500,000,000 appropriation which was carried in a bill recently passed by the Senate, it does seem to me, could scarcely be denominated a deflationary measure.

Mr. WHEELER. What measure?

Mr. KING. The $500,000,000 measure, which has not yet, however, received the approval of the House. I agree with the Senator that many of the policies which were pursued by the last administration were deflationary, and I concede that deflationary activities are going on; nevertheless, I think that President Roosevelt, with a high degree of courage, and with a great deal of statesmanship, has attempted to arrest the deflationary movement, and the measure to which I have just referred, while it does not fill the gap, is a step in the right direction, and I am sure that other measures will be enacted into law prior to adjournment, which I sincerely hope will arrest the deflation which is going on.

Mr. LONG. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. LONG. There is no question but that our President has tried to arrest the deflationary process. The fact remains, however, that it has not been arrested. We have been going in the direction of deflation, and an increase in the number of unemployed, regardless of the President's efforts to the contrary.

Mr. WHEELER. Mr. President, as I said a moment ago, I am not criticizing the President of the United States. On the contrary, let me say, so that there can be no misunderstanding about it, that I think the present President of the United States is the best man we have had as President of the United States in my memory, not excepting anyone I can think of. But it seems to me that we have now reached the time when we must take stock of the accomplishments of this administration up to the present and the probable future of legislation likely to be enacted in this session. I am sure that I am not alone in this body in feeling anxious when I contemplate the past and look forward to the future. We are not, I trust, infants here, to be beguiled with the tales of a Santa Claus. We have, I hope, reached a mental maturity that permits us to face and evaluate the realities of the situation.

No one can deny that up to date the sum total of our enacted program has resulted in a further deflation of the purchasing power of the people. I am not at this time going into the question of whether or not that deflation process was necessary to secure the stability of a market for Government securities presently to be issued. I merely state the bold and undisputed fact that so far unemployment has increased and purchasing power is diminished. Whatever changes have occurred in commodity prices, every thoughtful man realizes, are the result of temporary speculation rather than fundamental changes. But even in this field, in spite of these speculative benefits to a commodity here and there, the general level of commodity prices remains ruinously low.

The question then arises, What proposals are there in the administration program yet to be enacted which will lift us out of the depression in which we still flounder? Surely it should not be necessary to repeat that we cannot fake ourselves into prosperity by pretending to believe that it already exists. Let us make a very brief summary of the enactments to date.

There is the bank emergency law, which we were forced to enact by reason of the total collapse of the banking and financial structure of the Nation. Confessedly, that has not reached the essence of our difficulties, as thousands of banks are still closed and billions of dollars of the people's money is frozen in those institutions and therefore withdrawn from the ordinary uses of daily life in which it is so tragically needed. This is a good time to say that no banking law will ever be a success until the economic situation of the Nation is again sound, and until the farmers receive fair prices for their products and workmen are again employed at good wages. That fundamental economic truth surely must be recognized by all intelligent people.

Next there is the so-called "economy law." Without going into the merits or demerits of that measure or the necessity or lack of necessity for its passage, every intelligent person must concede that it was a deflationary measure which further reduced the purchasing power of a considerable element of our people, and, more important still, from the standpoint of general business, will withdraw from that rapid circulation so necessary to business recovery large sums of money.

The wage-reduction feature of that enactment is in direct opposition to the final results which all of us here hope to accomplish. I am sure that the President of the United States and every Member of this body realizes the fact that higher wages and a higher standard of living are absolutely essential to the satisfactory operation of the great industrial plants which we have built up in this Nation.

Next we have enacted a beer bill of some psychological effect but of no special economic importance. Outside of the temporary expenditures for the reorganization of the business incident to that enactment, the gains and losses in possible turn-over in that connection are about evenly balanced.

Next we come to the reforestation measure. When and if the 250,000 proposed to be employed thereunder are all in the service it will mean only 1 out of each 52 of the unemployed.

So much for the legislation that now stands on the statute books. Let us turn to that which will be presently enacted. There is the farm bill through which we hope to raise the price of the farmer's products. There is the farm-mortgage proposal which is designed to readjust the debt burden on the farmers of the Nation and give them a breathing spell until such time as an increased price for their products may enable them to meet their obligations. There is the proposed $2,000,000,000 bond issue to ease the burden on the city home owner. There is a suggested $2,000,000,000 bond issue for advancing employment, and a $500,000,000 relief measure which must be passed if for no other reason than to prevent the revolt of the hungry and the destitute. There is the proposed reorganization, or, more correctly, combination reorganization and bankruptcy of the railroad system. There is proposed a remodeling of the entire banking structure of the Nation.

In addition to all of these proposed legislative enactments we have an insurance situation in which thirty or more millions of Americans are creditors against the insurance companies to the extent of $103,000,000,000. And against those creditors necessarily is enforced what amounts to a moratorium on account of the inability of the insurance companies, due to the shrinkage in the value of their mortgages and securities, to meet the obligations of their contracts to the insured. We have $21,000,000,000 of interest-bearing Federal Government bonds. The amount of all indebtedness, public and private, is variously estimated at between $200,000,000,000 and $240,000,000,000. The steel business is at a low ebb; the copper business is in a state of practically complete suspension. Three million automobiles have been taken from the highways of America because their owners could no longer operate them, and month by month the wages received by the laboring people of the Nation diminish.

Mr. HATFIELD. Mr. President, what does the Senator include in the $240,000,000,000 of indebtedness?

Mr. WHEELER. I include practically all indebtedness.

Mr. HATFIELD. Is the indebtedness of counties, States, and the National Government included?

Mr. WHEELER. It is.

Mr. HATFIELD. I thank the Senator.

Mr. WHEELER. Mr. President, this is a somber picture, but unfortunately we all know it is a true picture. Shall we who are entrusted with the welfare of our people, merely because we eat our three meals a day and live in moderate comfort, permit this situation to continue and assume the fearful responsibility which our failure to act entails?

I have in my hand, for instance, a statement coming from one of the farm organizations, a statement which was published in one of the daily newspapers, saying that in the great farm States of this country in the Middle West, in Wisconsin, the richest farm State in the whole Nation, in Iowa, Minnesota, North Dakota, and other rich farming States in the most fertile territory in the whole world, the farmers by May 15 are going on a strike. It is said that they are going to refuse to sell milk and other products unless the Congress of the United States shall do something to help the farmers. One of the things that they are asking for is the remonetization of silver. I say to you, Mr. President, not only does that group of farm organizations say that, but likewise the Farmers Union, which contains the largest number of farmers of any farm organization in the Middle West and the West, more than in all the other organizations put together in that territory, has in its national convention asked for the remonetization of silver. Yet someone says to me, "You should not put such an amendment upon this bill because this is a farm relief bill."

The farmers to whom I have referred are not asking for the passage of this bill. As a matter of fact, they are asking for, and would much prefer to see, the remonetization of silver than they would be to see this particular farm relief bill passed. However, Mr. President, I am going to vote for the bill, because it is apparent to me that it is the best bill we can possibly get from the Congress of the United States; but I am asking the friends of the farmers of the Nation to stand up and be counted in the effort to put on this bill an amendment which will be of real assistance to the farmers. It is not an experiment and it will do more to raise commodity prices than all the farm legislation which the Congress of the United States may pass at this session of Congress.

As a matter of fact, when this bill came up previously and it was thought that it was going to be reported out of the committee, farm prices—commodity prices went up. So whenever there has been talk of inflation of the currency in this country farm prices have immediately gone up. Why? Because of the fact that everyone knows, even the speculators of the country who deal in such commodities, that inflation will do more to raise commodity prices upon a sound basis than all the legislation we are going to pass at this session of Congress.

Giving serious consideration to everything that has been done, to everything that it is proposed to do in the program so far before Congress, I am yet convinced that the total results will fall far short of a successful solution of our problems. The farm bill will inevitably fail unless the consuming public is endowed with a greater purchasing power than it now enjoys. I want to make the prediction, which will be recalled, I hope, at a subsequent time, that with 44 nations off the gold standard and with the United States remaining on the gold standard we cannot possibly make the farm bill a success unless we have inflation of the currency.

That brings me to the question of what is the best form of inflation in order to cheapen the American dollar. Mr. President, a Senator said to me the other day, "I favor paper inflation." Let me call attention to the fact that I was in Germany in 1923 when they inflated their paper currency to the extent that the mark became practically worthless. It helped the debtor class of that country; it did wipe out the debts of the farmers and the merchants; but it did not affect world commodity prices one iota. So, when the currency of Russia, the Russian ruble, was inflated by paper currency, it did help the debtor class, but it did not help raise world commodity prices in any manner whatsoever. So, too, when France depreciated her franc by, say, 80 percent, it had no effect whatsoever upon world commodity prices. But, Mr. President, if we remonetize silver, by reason of the fact that 60 percent of the people of the world, people who are competing with us, competing with our farmers in world markets in India, China, and many other countries, it will not only help the debtor class in this country but it will raise commodity prices.

I am not a professor of economics. I presume if I had the title of "professor" my words would have much more weight in this body than is given to them as coming from just a plain, ordinary United States Senator; I presume if I were connected with the House of Morgan and came before the Banking and Currency Committee of the Senate my words would carry much more weight than they do as just an ordinary Senator; I presume if I had been a clerk up in the Treasury Department and had given only cursory study to this subject and I came before the Banking and Currency Committee of the Senate my words would carry much more weight than they do as a Senator; but I submit, Mr. President, if you will consult any economist who has the nerve and the temerity to come before a committee of the Senate of the United States—yes; if you will consult some of the economists of the Federal Reserve Board—if they will tell the truth about it they will confirm exactly what I am saying today.

It has been said that we should issue bonds to help relieve the situation. Bond issues will mean added burdens unless earnings and consequent ability to pay taxes are tremendously increased. Issue more bonds; yes; but they mean, Mr. President, more debts; and they mean that unless the world commodity price level can be increased they will be of no avail. It is not just the commodity price level in this country which needs to be raised but it is the world commodity price level, and unless an increase can be brought about in that world commodity price level, this Government is going to sink into more debt and will have to issue more interest-bearing bonds that will further depress prices and further harm the people of the United States. Deferred payments merely mean the prolongation of misery unless the ultimate method of payment is provided for in our program of reconstruction. Reorganization and consolidation of railroad units will not add to a traffic which does not exist. Moratoria against policyholders will become permanent rather than temporary unless we vitalize the value of the lands and homes upon which the mortgages of the insurance companies are based. And finally and fundamentally, the credit of the Government itself will be destroyed in attempting to carry the load of unemployment and distress unless the agriculture, industry, and commerce of this Nation can be put on a sound and prosperous basis. I believe that every Member of this body and of the other House, in his mind and heart, knows that the first fundamental requirement to a successful reorganization of the Nation's business is an increase in the basic money not only of this country but of the world.

Let me read from an article in the New York Times, written, I presume, by some professor, and, consequently, I assume that the Senate will pay some attention to it:

WORLD TRADE IN YEAR DROPS $10,000,000,000—DECLINE STEADY SINCE 1929, SAYS THE NATIONAL INDUSTRIAL CONFERENCE BOARD

Foreign trade throughout the world has dropped at the rate of about $10,000,000,000 a year for the last 3 years, according to the National Industrial Conference Board, which reports on a survey covering the period of the depression.

Then it goes on:

From 1931 to 1932 the decline in the value of exports of the debtor countries was 36.5 percent, compared with a decline in imports of 33.8 percent, while the value of exports of the creditor countries declined 33.4 percent and that of imports 33.8 percent. In most of the individual debtor countries the decline in exports from 1931 to 1932 was considerably larger than the decline in imports.

This statement shows a decline in world business from approximately $52,000,000,000 to something like $20,000,000,000.

In the New York Times of yesterday, Mr. President, I read this statement written by Charles Merz:

We have a market at home which absorbed 90 percent of our total production in the prosperous years before 1930. But this did not signify our independence of world markets.

There are some Members of the Senate who say that we can live entirely within ourselves and depend upon our home market. I say it is an impossibility to do that, and at the same time to have prosperity in this country, and this statement shows why:

But this did not signify our independence of world markets. For the 90 percent was by no means evenly distributed among all industries.

And that is what we overlook, that the 90 percent is not distributed among all industries—

To many of them foreign trade was vital. In 1929 the United States exported 54 percent of the cotton it produced, 41 percent of the tobacco, 36 percent of the copper, 33 percent of the lard, 28 percent of the sewing machines, and from 21 to 40 percent of the agricultural machinery, printing machinery, locomotives, typewriters, lubricating oils and kerosene.

FOREIGN TRADE AND PROSPERITY

Inevitably the prices of these goods were established in world markets.

With depreciated currencies in 44 countries, with the currency of Japan depreciated 60 percent, with England's depreciated 30 percent, with that of the Argentine 40 percent, with depreciated currencies ranging all the way from 50 percent down to 10 percent, how do you expect, Mr. President, under those circumstances, to bring back prosperity in the United States, when England is manipulating at this very moment not only the pound sterling but is likewise manipulating the dollar? She wants to keep us upon the gold standard; she wants to keep the dollar high; and yet we sit here in the Congress of the United States and let the British Government manipulate our dollar, so that the minute it starts to go down the English start to buy the dollar so as to keep it up, because of the trade advantage they have with us when they have a depreciated pound sterling and we have a high-priced dollar.

The range of these prices determined in large measure the purchasing power of millions of Americans engaged in producing goods for export. Their purchasing power in turn affected vitally the price level of other goods produced primarily for home consumption.

Why is it? Some folks talk about a bill to bring up the price of wheat in order to get the advantage of the tariff, the price of hogs and the price of this and that so as to get the advantage of the tariff. Every product in the United States that is not artificially controlled by the Aluminum Co. of America, which controls the price of aluminum, whether protected by the tariff or not, has gone down with other commodities that have to be sold upon the world market, but those products that I have mentioned that have to be sold upon the world market—cotton and wheat and copper and other things—cannot do anything else but bring down the price of commodities that are used for home consumption.

But we are talking of raising the tariff to protect us. We can put on all the tariff we want, but we cannot bring up the price of products in this country as long as we have to do business abroad and ship 54 percent of our cotton, 33 percent of our copper, and a large percentage of our automobiles, steel, and everything else we produce in large quantities. What must we do? We must take one horn or the other of the dilemma. We must depreciate our dollar and bring it down to the price of the pound sterling or else bring up the cost of production of our competitor. I am not asking to join in a race in depreciating currency. I am saying we can bring up the cost to our competitors by remonetization of silver, and I challenge anybody here to deny the statement which I am making that the remonetization of silver as it was done under the laws of the country, not as an experiment, not by some professor who in the quiet of his room has written a bill, but under the laws of our country written by the greatest economists the world ever produced.

I am not proposing to tread some untried path, but to go back and do a fundamental thing. Yet we hear it said that we must not do it until we hear from the Treasury Department. Bless my soul, Mr. President, the Treasury Department has been wrong in every prediction it has made during the last 12 years. It is said we must wait until we hear from the representatives of the house of Morgan. They have been wrong, too. We must wait until we hear from the National City Bank, which we have followed blindly, and the Chase National Bank, which we have likewise followed blindly in outlining our economic course during the last 4 or 5 years of the Republican administration; but they have been wrong in every prediction made. We sat here supinely and jumped through the hoop when the financial masters came down here from Wall Street and appeared before the committees of Congress and told us what to do.

Is it not about time we assert our own independence and use our own intelligence, rather than follow somebody who is looking at the situation from his own selfish standpoint?

The article from which I have been quoting continues:

A thriving foreign trade was thus an indispensable factor in our prosperity before 1930, and the collapse of this trade has been ruinous for industries whose capacity is geared to foreign markets. Domestic demand for goods produced by these industries cannot easily be increased by as much as 30, 40, or 50 percent in order to offset the loss of exports. Nor can the capital and population formerly engaged in the production of these goods be shifted readily into other industries whose output could be sold at home.

For in most industries the United States is already equipped to produce goods in excess of the present capacity of its own markets, and it is difficult to find fields of production which are capable of being expanded so as to absorb capital and labor released from other fields.

Mr. President, on the same page of the same paper we have a chart showing the gold reserves in the United States. We have about $11,000,000,000 worth of gold. It is shown by the chart that seven creditor nations of the world have $9,000,000,000 of that gold and all the rest of the countries of the world have $2,000,000,000 of that gold. The seven creditor nations have $9,000,000,000 and all the debtor nations of the world have $2,000,000,000.

Let me invite particular attention to the change that has taken place in this country, as set forth in this article:

In considering world trade before the depression it is useful to note first the financial relationships of creditor and debtor countries.

Among the nations of the world there are many debtors. But there are only seven creditors—that is, only seven nations whose people owe less, on account of both the public debts of governments and the private debts of individual citizens, than they are owed in return. These seven are Great Britain, France, Belgium, the Netherlands, Switzerland, Sweden, and the United States. It is a small and select group, which the United States joined only during the World War. In 1914—

I want to invite the careful attention of every Senator to this, because it is a very vital factor in the consideration of the question which we have under discussion:

In 1914 we were a net debtor to the extent of about $3,000,000,000. At the end of the war our position had changed to a net creditor of about $10,000,000,000.

Mr. President, I talked with an economist of one of the leading banks in the city of New York with reference to this very subject. He was against any inflation whatsoever. Finally I said, "You are going to get one or the other. You are going to get paper or bimetallism. Which do you want?" He said, "I prefer bimetallism because it is not revolutionary, and after all there is a limit to the amount of silver there is in the world." I said, "Can we maintain as an independent proposition the price of silver at any fixed unit?" He said, "There is no question about it." I said, "Why do you say that?" He said, "Because we are a creditor nation today as against being a debtor nation before the war." I said, "Do you think we would be flooded with silver?" He said, "Of course not, because of the fact that the silver-using countries cannot divest themselves of the only money they have."

What nonsense it is to talk about China's flooding us with silver, when, as a matter of fact, by reason of the war going on between Japan and China, they began to lose some of their silver and had to put an export duty on it to keep the silver from leaving the country. New Zealand did the same thing. They cannot carry on their internal and external trade unless they have primary money, and silver is their primary money. It is as necessary for them to have it to carry on their trade as it is for us to have some gold to back up our currency.

Forty-four nations of the world have gone off the gold standard. Why did they do it? Because they had to have 40 percent of gold if they remained on the gold standard in order to carry on. When they could not keep the 40 percent of gold they had either to contract their currency to an extent that would cripple their business, or they had to go off the gold standard to maintain their currency upon some basis. Japan went down and, as I said a moment ago, has depreciated her currency 60 percent, and she is flooding our markets today with her manufactured products. Can we pass a tariff bill that will stop that sort of thing? It cannot be done because of the fact that what we have to do is to stabilize the exchanges, and what I am asking to be done will do more to stabilize the exchanges than any other piece of legislation we can possibly pass.

We talk about the amount of silver in the world. Let me call attention to some figures issued by the United States Mint:

The total production of gold and silver in the world for the years 1928, 1929, 1930, and 1931 is as follows:

Total gold, 82,291,368 fine ounces; total silver, 960,313,580 fine ounces.

During the same period the western hemisphere produced of this total: Gold, 22,032,667 fine ounces, or 26.77 percent of the total world production.

Silver, 810,055,614 fine ounces, or 84.35 percent of the total world production.

The figures given for 1931 in report of mint for 1932 are marked "subject to revision," but no doubt are accurate enough for all practicable purposes.

Mr. President, I am not going to take the time and trouble to read all of these figures, but I ask that the statement may be placed in the RECORD so that anyone interested may read the figures.

The PRESIDING OFFICER. Without objection, it is so ordered.

The statement is as follows:

STATISTICAL DEDUCTIONS FROM REPORTS OF UNITED STATES MINT FOR 1930, 1931, AND 1932

The total production of gold and silver in the world for the years 1928, 1929, 1930, and 1931 is as follows:

	Fine ounces
Total gold	82, 291, 368
Total silver	960, 313, 580

During the same period the Western Hemisphere produced of this total:

Gold, 22,032,667 fine ounces, 26.77 percent of total world production.

Silver, 810,055,614 fine ounces, 84.35 percent of total world production.

The figures given for 1931 in Report of Mint for 1932 are marked "subject to revision", but no doubt are accurate enough for all practical purposes.

Production of silver and gold in the world since the discovery of America:

	Fine ounces
Gold	1, 084, 835, 651
Silver	15, 170, 272, 102

Production ratio 13 98/100 to 1.

Total commercial valuation of gold, $22,413,757,117.

Total commercial valuation of silver, $19,195,587,185.

Total value of silver dollars of 371¼ grains, $19,613,644,800.

STATISTICS DEDUCTIONS FROM REPORT OF UNITED STATES MINT FOR 1932

Production of silver in United States from 1792 to July 1, 1834, insignificant.

From July 1, 1834, including 1847, 309,500 fine ounces; commercial value, $404,500.

Gold produced in United States from 1792 up to and including 1847, 1,187,170 fine ounces; value, $24,537,000.

Silver produced in United States from 1848 to and including 1872, 118,568,200 fine ounces; commercial value, $157,749,900.

Gold produced in United States from 1848 to and including 1872, 58,279,778 fine ounces; commercial value, $1,204,750,000.

Silver produced in United States from 1872 to and including 1931, 3,079,337,904 fine ounces; commercial value, $2,355,641,511.

Net loss to United States producers of silver due to demonetization, figuring ratio 16 to 1, $1,625,604,165.

Gold produced in United States from 1872 to and including 1931, 164,410,045 fine ounces; commercial value, $3,398,655,300.

ANNUAL REPORT OF MINT, 1932

Price of silver bullion on London market, 925 fine:

1919	125
1920	134

New York market, 1,000 fine:

1919	138
1920	137. 83

Production of gold and silver in the world since the discovery of America

[Treasury Annual Reports, 1932—Director of the Mint]

Period	Gold		Silver		Production ratio
	Fine ounces	Value	Fine ounces	Commercial value	
1493-1600	24, 266, 820	$501, 640, 000	734, 125, 960	$1, 013, 093, 825	1-30. 25
1601-1700	29, 330, 445	606, 315, 000	1, 197, 073, 100	1, 651, 960, 878	1-40. 81
1701-1800	61, 088, 215	1, 262, 805, 000	1, 833, 672, 035	2, 534, 667, 154	1-30. 02
1801-40	20, 488, 552	423, 535, 000	801, 155, 495	1, 058, 101, 898	1-39. 10
1841-60	82, 087, 951	1, 696, 909, 000	538, 823, 550	714, 994, 937	1- 6. 56
1861-70	61, 098, 343	1, 263, 015, 000	392, 267, 776	523, 561, 847	1- 6. 42
1871-80	55, 670, 618	1, 150, 814, 009	710, 463, 078	865, 432, 040	1-12. 76
1881-90	51, 280, 184	1, 060, 056, 000	1, 004, 576, 877	1, 043, 927, 353	1-19. 58
1891-1900	101, 647, 521	2, 101, 241, 400	1, 616, 373, 178	1, 131, 299, 109	1-15. 90
1901-10	182, 891, 525	3, 780, 703, 900	1, 826, 234, 623	1, 052, 194, 838	1- 9. 98
1911-20	206, 115, 498	4, 260, 770, 272	1, 935, 607, 379	1, 430, 510, 377	1- 9. 39
1921-31	208, 909, 979	4, 305, 952, 545	2, 579, 899, 051	1, 537, 277, 036	1-12. 34

Silver coined from 1793 to 1873

Silver dollars	$8,031,238.00
Half dollars	100,541,253.00
Quarters	22,288,021.50
Dimes	9,242,079.20
Half dimes	4,880,219.40
3-cent pieces	1,282,087.20
Total silver coined from 1793 to 1873	146,264,898.30
Silver dollars coined in 1871	1,117,136.00
Silver dollars coined in 1872	1,118,600.00

More silver dollars were coined in these 2 years than in any previous 4 years in United States history.

In 1929 was the peak production of silver in the history of the world, and the records show that the United States alone produced twice as much silver as all of Europe, Asia, and Africa combined.

Mr. BLACK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Alabama?

Mr. WHEELER. I yield.

Mr. BLACK. I understood the Senator to give the present value of the total amount of silver in the world.

Mr. WHEELER. Yes; 19 billion. That is the total value of all the known production for the last 100 years.

Mr. NORRIS. Is that ounces?

Mr. WHEELER. No; that is dollars.

Mr. BLACK. What would be the value of all the silver on the increased basis of valuation that would result from passage of the Senator's bill? Has the Senator the increased valuation that would result from the passage of his bill?

Mr. WHEELER. This, according to my understanding, is the increased value as it would be under my bill.

Mr. PITTMAN. Mr. President, will the Senator from Montana yield?

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Nevada?

Mr. WHEELER. I yield.

Mr. PITTMAN. The estimate by the Director of the Mint and other experts is that the total amount of silver in the world today is between 11 billion and 12 billion ounces.

Mr. WHEELER. That is monetary silver?

Mr. PITTMAN. No; that is all the silver in the world. The depletion is very much greater; but today those 12 billion ounces at 30 cents an ounce would have less than $4,000,000,000 purchasing power in the gold-standard countries. At $1.29 an ounce, the rate at which we maintain parity in the United States today, the rate at which we maintain $800,000,000 of silver currency today, it would have over $15,000,000,000 purchasing power in the gold-standard countries of the world.

Mr. WHEELER. The figure I gave is the total known production since the discovery of America down to the present time.

Mr. BLACK. Mr. President, will the Senator from Montana yield to enable me to ask the Senator from Nevada a question?

Mr. WHEELER. I yield for that purpose.

Mr. BLACK. Under the Senator's bill, which would provide for a ratio of 16 to 1, what would be the present value of that silver?

Mr. PITTMAN. May I answer that question?

Mr. WHEELER. Certainly.

Mr. PITTMAN. The value of that silver would be $15,000,000,000 instead of $4,000,000,000 if the price that would be established on the coinage basis were maintained throughout the world.

May I express that a little further in another way?

Today we exchange 10 silver dollars for a $10 gold piece. There are 7.8 ounces of silver in that silver dollar; and yet those 7.8 ounces in the United States exchange for $10, which means $1.29 an ounce at which the Government sells the standard silver dollar in gold. One dollar and twenty-nine cents an ounce is on a ratio of 16 to 1, because gold is $20.67 an ounce; so we maintain silver in this country at a ratio of 16 to 1, which is $1.29 an ounce under our law. If Great Britain, France, Germany, Italy, and Japan would do exactly the same thing that we are doing here, we would have silver at $1.29 an ounce throughout the world, with a parity of 16 to 1, and the 12,000,000,000 ounces of silver in the world would have a purchasing power in every country in the world, including our own, of $15,000,000,000 instead of $4,000,000,000 today.

Mr. WHEELER. Let me say to the Senator further what the Senator from Nevada has said—that all our silver money today is on the basis of $1.2929. All I am asking is that we open up the mints and continue the free and unlimited coinage of silver on exactly the same basis at which every silver dollar we have today is coined. Let me say to the Senator from Alabama that I called attention to the fact that since the war we have been a creditor nation, and by reason of the fact that we are a creditor nation there is not any question at all but that we could maintain the ratio even upon an unlimited basis. We would create an unlimited demand if we opened up the mints to the free coinage of silver, just as we have to the free coinage of gold upon the ratio of 16 to 1. It seems to me that there cannot be any question about it.

The Senator from Pennsylvania [Mr. REED] said upon the floor of the Senate, "Why, if we coin silver we will get all the silver. This country will be flooded with silver." He said, "There are 250,000,000 ounces of surplus silver in the world." Well, suppose that were true, and suppose we got the 250,000,000 ounces that the distinguished Senator from Pennsylvania says we could get—what would we get it for? We would get it in return for manufactured goods or products produced in this country, that would put men to work in our factories; and if we got it for anything else it would be a mere bagatelle. If we should get only 250,000,000 ounces of silver it would not inflate our currency very much. As a matter of fact, it would not go far enough; and Mr. Brownell, who is probably one of the greatest experts upon the silver question in the world, has said in his testimony before the House committee, as I recall, that over a period of 5 years the most we could possibly expect to get or hope to get would be, as I recall, about 650,000,000 ounces.

Mr. PITTMAN. Mr. President, may I interrupt the Senator there?

Mr. WHEELER. Yes.

Mr. PITTMAN. The testimony of Mr. Brownell before the Committee on Coinage, Weights, and Measures of the House was that a doubling of the price of silver could not possibly bring into the market in excess of 350,000,000 ounces as a maximum, but that he did not believe it would bring that, because other countries would start to purchasing it at the same time.

Mr. WHEELER. As I recall, he said over a period of 5 years the very limit that we could get would be 650,000,000 ounces.

Mr. PITTMAN. He did, in 5 years.

Mr. WHEELER. Yes.

Mr. PITTMAN. But that anticipated a very much higher rise of price, an unlimited rise of price during the period of 5 years.

Mr. WHEELER. Yes; exactly.

Mr. PITTMAN. Fifty cents an ounce, he said, could not possibly bring over 350,000,000 ounces into the market.

May I interject just there another matter? It will save my making a speech on the subject, which I know will be pleasing to the Senate.

If the 250,000,000 ounces of silver came into this country, whether it came in under a bill such as the Senator has or whether it came in under any one of the numerous bills that have been introduced in both branches of Congress providing for the purchase of $250,000,000 worth, we would still have only this: We would have 250,000,000 ounces of silver against which we would issue $250,000,000 of silver certificates. Today we have in the United States approximately $490,000,000 of silver certificates in circulation, which have been in circulation for 40 or 50 years. We would add to that circulation $250,000,000, making it, in rough numbers, $750,000,000 in silver certificates. We would have $300,000,000 in subsidiary coin; and yet the proportion of silver currency to the proportion of total currency and the proportion of gold currency would be a third less, even with that added to it, than it was in 1900.

Mr. WHEELER. Yes.

Mr. BLACK. Mr. President, will the Senator yield again?

The PRESIDING OFFICER. Does the Senator from Montana further yield to the Senator from Alabama?

Mr. WHEELER. Yes.

Mr. BLACK. As I understand, however, the Senator's bill would increase the value of silver from about 30 cents an ounce to $1.29 an ounce.

Mr. WHEELER. That is correct.

Mr. BLACK. May I ask the Senator what is the proportion of silver which we have in this country to the total amount there is in the world?

Mr. WHEELER. I cannot give it to the Senator offhand. Perhaps the Senator from Nevada [Mr. PITTMAN] will.

Mr. HATFIELD. Mr. President, will the Senator yield. I think I can give it.

Mr. PITTMAN. Mr. President——

Mr. WHEELER. Go ahead.

Mr. PITTMAN. The total amount of silver in the world, as before stated, taking the world's production and the depletion as it may be estimated, is estimated at between eleven and twelve billion ounces.

It is recognized that at least 7 billion ounces has been in India for ages in the form of jewelry that the women wear, and always will keep. When silver went to $1.38 an ounce in 1920, instead of its drawing silver out of India, India bought more silver than she bought annually before. That silver is there.

China has two or three billion ounces of the same kind of silver that never came out when silver went to $1.38 an ounce in 1919. China bought more of it at that time.

The Senator asks the direct question, What is the proportion of silver we have in the United States to the total silver in the world?

In the first place, we have more silver currency circulating in the United States than in any other country in the world—not bullion, like the jewelry in India, but currency. We have today $850,000,000 of silver currency actually circulating in this country. We have approximately $4,400,000,000 of gold currency circulating. So it can be seen that approximately 20 percent of our circulating currency in this country is silver currency; so it is $850,000,000 as compared to 12,000,000,000 ounces of silver in the world.

Mr. WHEELER. I want to go back now and call attention again to the world trade. This gentleman, Charles Merz, in the New York Times—a well-recognized economist, probably a doctor—makes this statement:

> Under the influence of these forces world trade has fallen drastically since 1929. The following figures, showing the combined value of exports and of imports, tell the story.

He states that in 1929 the combined value of exports and imports was $68,000,000,000. In 1930 it dropped to $55,000,000,000; in 1931 to $40,000,000,000; and in 1932 it dropped to $26,000,000,000—world trade and commerce.

What is it that we need today? We need today in the world, as we never needed it before in the history of the world, more primary money with which to carry on trade and commerce. While the supply of gold has increased, it has not begun to keep pace with the expansion of trade and population of the world. It has not begun to keep pace with it; and yet I want to call attention likewise to this article in the Saturday Evening Post, written by Garet Garrett, in which he shows how completely Great Britain and the other countries of the world are controlling our money here, and are driving down prices in this country and throughout the world, for their own selfish advantage:

> For more than a year this country has been the object of a world-wide economic drive, producing or tending to produce the following effects, namely:
>
> To intensify and prolong the American phase of universal depression—

This is the leading article in the Saturday Evening Post, of which you all have a copy—

> To increase unemployment here and to arrest it in foreign countries;
>
> To defeat the American Government in its undertaking, by use of public credit, to stop the disastrous liquidation of prices, commodities, and capital values;
>
> To annul our tariff laws and at the same time to override the laws whereby we meant further to protect American labor by limiting immigration from countries having a low standard of living; to stimulate unnaturally the sale of foreign merchandise in the American market and at the same time to hinder the sale of American merchandise in foreign markets;
>
> To unbalance the economic position of this country by bringing the weight of more than half the world's selling to bear upon it, while at the same time diverting from it the support of more than half the world's buying;
>
> To create in this country hoards of gold, impounded to the credit of foreign countries, the first effect of which was the same as if Americans themselves were hoarding the gold, as they have been exhorted not to do, and the second effect of which might be much worse, because the foreigner owners, having hoarded it here and earmarked it, could take it out of the country whenever it pleased them to do so;
>
> And, lastly, to propagate in this country a motive for war-debt cancelation as the price of economic peace.

Mr. NORRIS and Mr. LONG addressed the Chair.

Mr. WHEELER. Let me finish this statement before I yield.

Is it possible that the Congress of the United States, that the Senate of the United States, are so weak and so supine that they are going to stand idly by and say that we are going to let these other countries regulate our currency and depreciate our prices, flood us with their goods, and prevent us from exporting our products, and we have not the courage or the nerve to stand up and pass what the majority of this body knows is the sound and the sensible thing for us to do?

Somebody said, when I introduced this amendment on the bank bill, "You must not put it on the bank bill." Somebody said, "You must not put it upon this agricultural bill." Another one said to me, "You ought to get an expert from the Treasury Department." Another one said, "You ought to get some of these financiers down here." Another one said, "You ought to get some economists here."

As far as I am concerned, Mr. President, we have had a lot of these economists, as I said a moment ago, we have had a lot of these bank presidents, and we have had a lot of these financiers, dominating our Treasury Department, our financial policy, our fiscal policy, for the last 10 or 12 years; and are we going to continue to do so?

This writer points out further in this article how there is a determined effort upon the part of these countries——

Mr. SHIPSTEAD. Mr. President——

Mr. WHEELER. I yield to the Senator.

Mr. SHIPSTEAD. I simply want to observe to the Senate that we have the same weapon that they have, but we have not used it.

Mr. WHEELER. Of course.

Mr. SHIPSTEAD. Our Federal Reserve Board could buy pounds and sell dollars, as they have bought dollars and sold pounds. Not having used that weapon, either through ignorance or through deliberate intent, it may be necessary for Congress to take some action in self-defense of our general economic structure. If it is through ignorance that the Federal Reserve Board has failed to act, they ought to resign. If it is not through ignorance but through deliberate intent, they ought to be impeached.

Mr. NORRIS. Mr. President——

Mr. WHEELER. I yield to the Senator.

Mr. NORRIS. While the Senator is commenting on the article of Garet Garrett in the Saturday Evening Post I am wondering if he will not read the illustration that Mr. Garrett gives in that article about the Englishman who is manufacturing shoes and selling them in the United States.

Mr. WHEELER. Yes. I want to say to the Senator—I have the article here—that I called attention to that very thing in the speech that I made here on January 25. I took a supposititious case in my speech at that time of a man manufacturing shoes in this country and assumed that Canada had a currency which was depreciated 50 percent and was manufacturing shoes.

The American buyer of shoes could take the American dollar and go to Canada, assuming that their currency was depreciated 50 percent, and could buy two pair of shoes for what he could buy one pair for in this country. Likewise the man who should go to Canada who might want to buy American shoes would have to pay twice what he would have to pay for them in the United States.

Mr. Garet Garrett points this out:

Let the case be that of a British manufacturer of shoes. He makes a pair of shoes to sell in Great Britain for £1 sterling. When the gold value of the pound sterling was $4.86 it made no difference whether he sold that pair of shoes in London for a pound sterling or in New York for $4.86. But since depreciation, the gold value of the pound sterling having fallen one third, there is a difference. If he sells that pair of shoes in London he will receive only £1 sterling, but if he can sell it in New York for $4.86 he will receive the equivalent of £1½ sterling. That is to say, formerly if he brought home his $4.86 from New York he could exchange it for simply £1 sterling, whereas now when he brings home the $4.86 received for the shoes in New York he can exchange it for £1 10s.

Mr. NORRIS. Mr. President, I hope the Senator will not stop reading there. See what he does.

Mr. LONG. Go on with the next paragraph.

Mr. WHEELER. It continues:

Then let this British shoe manufacturer be in need of leather. Will he buy it in the United States? Obviously not, because he would have to change his pounds back into dollars at a discount of one third to pay for American leather. Instead, he will seek his leather in some depreciated-currency country where the buying power of the British pound sterling is unimpaired—leather, that is to say, somewhere in Sterlingaria.

So, when the British Treasury, with a fund of more than three quarters of a billion dollars officially devoted to the manipulation of international exchange, sold the pound sterling to cheapen it and bought the American dollar to make it dear, it had these definite objects in view:

First, to penalize the purchase of American goods; for who can afford to change pounds sterling into dollars at a discount of one third to pay for American goods?

Second, to subsidize the sale of British goods in the American market, by giving the British exporter an artificial profit of approximately 50 per cent in the exchange, which enables him to land his goods over the American tariff wall at prices which are less than the cost of manufacturing similar goods in this country. Thus our tariff laws are annulled.

Third, to create large gold balances in this country.

Their gold balances have been going up since they have gone off the gold standard, because of the export of their products to the United States. Mr. Garrett continues:

These balances represent credits for British goods sold in the American market.

Mr. President, what the author says with reference to British goods is likewise true with reference to manufactures in China, in India, and in Japan. As I said a moment ago, according to Mr. Merz in the New York Times, the currency of Japan has been depreciated, not 30 percent, as the English pound has been depreciated, but it has depreciated 60 percent.

What has happened over in China, with the value of their money down really to one fifth of the value of the dollar? They are buying some more cotton in the United States, but what are they doing to our manufactures? They are buying because of the cheap price of cotton in this country, and they are taking our raw cotton and our raw tobacco to China and are manufacturing it in their own factories. Not only that, but to the men from the cotton States let me say that the low price of silver has stimulated as has nothing else the production of cotton in China and in India. If the men from the cotton States and those from the tobacco States really want to do something to help the tobacco growers and the cotton producers of this country, they can do it by remonetizing silver more than by all the farm relief bills they could pass at this session.

Mr. PITTMAN. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. PITTMAN. Right on that point, I think it is interesting to compare our exports to China for the years 1928, 1929, and 1931. We find that our exports of crude materials to China in 1928 were 30.5 percent of our total exports to that country. In 1931 they were 49 percent. The exports of crude materials to China had increased from 30 percent to 49 percent.

Let us follow that down and see what happened to the manufactures. In 1928, 47 percent of our manufactured exports were to China; in 1931 they amounted to 26.4 percent. In other words, our exports of raw materials, which are cotton and tobacco chiefly, have maintained a level and have actually increased, while our exports of manufactured materials from the United States in those 4 years have decreased 75 percent.

Our cotton men think that they are not hurt, but if we turn to another table furnished by our Department of Commerce we will find that the export of manufactured cotton-textile goods from Great Britain to China fell off in the same period 75 percent, and we will find that our cotton exports to Great Britain during the same time fell off 75 percent. So, while we held our own with China, since China is industrialized because she has increased her textile mills 25 percent in 3 years, our great cotton business with Great Britain has been destroyed by reason of the destruction of her textile mills.

I want to call attention to the report of the British Economic Mission to China, sent there in 1930, with which they had a great corps of experts, and they spent £80,000 on the examination. We find in that report that this loss in the export of manufactured products to China is due to the depreciation in the value of silver, thereby making the exchange value of silver money so low in comparison with gold-standard money that those people were unable to buy gold exchange in Great Britain with which to pay for products, and the industrialization of China had commenced. They said that unless they raised the exchange value of silver money in comparison with gold-standard money—and that could only be done by restoring the purchasing price of silver—the industrialization of China would go on to the point where not only would Great Britain have no market for manufactured material in China but that that industrialization would threaten the world with exports of manufactured materials.

Mr. WHEELER. Not only is what the Senator has said with reference to the industrialization of China and with reference to the industrialization of India true, but since Japan has depreciated its currency 60 per cent they are having the greatest period of prosperity they have had in years, because of the fact that they are able to conquer the markets of the world.

Mr. CONNALLY. Mr. President, will the Senator yield to me?

Mr. WHEELER. I yield.

Mr. CONNALLY. Let me ask the Senator this question: In view of the fact that the Secretary of State has already publicly announced that the question of silver as money will be taken up at the coming International Economic Conference, does he think it is wise to press this matter at this time? The United States, of course, cannot alone fix the international value of silver, and does not the Senator think it would be the part of wisdom for us to defer action and let the International Economic Conference take this matter up and work out some system so that silver, if it is remonetized, will be worth the same all over the world instead of fixing its value in the United States alone?

Mr. WHEELER. I want to say to the Senator, in the first place, that I do not agree with his premise at all.

Mr. CONNALLY. What is my premise?

Mr. WHEELER. The Senator said we would have to have an international conference.

Mr. CONNALLY. No; I said in view of the fact that we would have one.

Mr. WHEELER. The Senator said, in view of the fact that we cannot do it alone.

Mr. CONNALLY. The Senator does not answer my question.

Mr. WHEELER. I will answer the Senator's question, but I first want to show him that he is wrong.

Mr. CONNALLY. I do not want the Senator to go off on a sidetrack. I asked him whether, in view of the fact that our own Secretary of State has publicly announced that he proposed to submit to the International Economic Conference the question of silver, he did not think it well that the United States wait and let him do that, instead of undertaking to settle the question alone?

Mr. WHEELER. If the Senator will let me answer his question, after he has stated it to me twice—I understood it the first time——

Mr. CONNALLY. I beg the Senator's pardon. He did not seem to understand it.

Mr. WHEELER. I understood it, because I understood the Senator to ask his question "in view of the fact" that we could not fix the price of silver alone. I say, in the first place, that I disagree with the Senator's statement, and I say that because of the fact that we are a creditor nation, and I say to the Senator that if he will consult some of the economists of this country who have given some thought and study to this matter, he will find that that assumption on his part is entirely incorrect.

Let me say to the Senator, further, in view of what we know of the position of England, and the reason why she is juggling at the present time the currency of the United States of America, that I have not the slightest faith that England is going to agree at the economic conference, and nobody else has any belief that they will agree, to a proposition to remonetize silver. Why should they? They have an advantage, as I called to the attention of the Senator just a moment ago from this article by Garet Garrett. They have an advantage over the United States. They want to keep us on the gold standard. It is to their interest to keep us on the gold standard. Every time the price of our money drops they go in through this fund they have created and buy American dollars. Let me read the statement to the Senator.

Mr. CONNALLY. It is not necessary; I have read the article entirely.

Mr. WHEELER. If the Senator read the statement and if he has studied the question, then, under the circumstances, it is inconceivable that he could believe for one second that out of that economic conference will come anything worth while. Ever since 1873 we have been calling these economic conferences, and I agree entirely with Will Rogers when he says that we never lost a war and that we never won a conference; and we are not going to win this one.

Mr. CONNALLY. Mr. President, is the Senator against the conference? Does he not want us to confer with the other nations with reference to all these economic questions?

Mr. WHEELER. I am not against it, but I have no faith that anything at all will come out of it. Nothing ever has come out of one of them, as far as benefit to the United States is concerned, and I make this prediction, and the Senator will, I am sure, after the conference is over agree with me, that nothing will be done at that conference worth while with reference to regulating international exchange and money.

There is one thing in which England is interested, and that is in cutting down the debt she owes to the United States of America. That is the one thing she is going into that conference for; that is the one thing she is going into any conference for. She has a double purpose. First of all, she is not going to permit commodity prices in the world to come up. She is not going to permit us, if she can help it, to cheapen the American dollar, unless we first agree that we will cut the debts of Great Britain and the other countries.

Mr. CONNALLY. Mr. President, will the Senator yield further?

Mr. WHEELER. I yield.

Mr. CONNALLY. Let me say to the Senator that it does not seem to me that he is rendering his country a very great service, when he knows that it is going into this economic conference and it is going to submit these matters, when he bitterly denounces one of the most powerful countries that will be at the conference and predicts that nothing will come of the conference, when the United States is one of the chief actors in the conference.

So far as wanting to pay the war debt is concerned, it seems to me that if we remonetize silver, as the Senator wants us to do, at 16 to 1, England could pay her war debts at about 25 cents on the dollar by sending her silver from India and other countries over here and paying them at the rate of 24 cents an ounce, when the Senator would make it worth $1.29 an ounce. Let me say to the Senator——

Mr. WHEELER. Let me answer the Senator's statement.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER. The Senator from Montana has the floor. Does he yield further to the Senator from Texas?

Mr. WHEELER. Let me say, in the first place, that the Senator again is wrong. How, in the name of goodness, is Great Britain going to buy silver at 24 cents if there is an unlimited demand for it at $1.29? She would have to pay the same price as we would. So far as rendering service to the country is concerned, I say that when I am asking for the remonetization of silver I am asking for it from a patriotic standpoint. I am not interested in China; I am not interested in India; I am not interested in England; but, first of all, I am interested in the United States of America, and I am interested, Mr. President, because of what Great Britain and other countries have done. We, including myself and the Senator from Texas, have been sitting here idly by and have been jumping through the hoop at the dictation of a little group of Wall Street bankers who have dominated the finances of this country. I say to the Senator——

Mr. CONNALLY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Montana yield further to the Senator from Texas?

Mr. WHEELER. Just a moment and I will yield to the Senator.

Mr. CONNALLY. At that point I should like to interrupt the Senator.

Mr. WHEELER. I will yield in just a moment.

Mr. CONNALLY. If the Senator does not want to yield at that point, there is no use of my interrupting him.

Mr. WHEELER. Let me say to the Senator that when he says I am not rendering a public service to my country, I resent the statement, because the fact is——

Mr. CONNALLY. I did not say that.

Mr. WHEELER. Yes, the Senator did; and I resent the statement.

Mr. CONNALLY. I rise to a question of privilege.

The PRESIDING OFFICER. The Senator from Texas will state his question of personal privilege.

Mr. CONNALLY. I do not think the Senator has any right to refer to another Senator in that way. Will the Senator from Montana now yield?

Mr. WHEELER. I yield.

Mr. CONNALLY. Let me say that I have not attacked the Senator's patriotism. I merely said I thought he was not rendering his country a very good service——

Mr. WHEELER. If that is not attacking my patriotism, I do not know what it is.

Mr. CONNALLY. I feel that a man may do something entirely innocently, and I think the Senator is innocent. I would not say innocently ignorant, because I do not think that would apply to the Senator [laughter in the galleries], but let me say just one other thing——

The PRESIDING OFFICER. The Chair will admonish the occupants of the galleries that they are here as guests of the Senate. Demonstrations of approval or disapproval of remarks made on the floor of the Senate are strictly forbidden by the rules of the Senate. The Chair hopes the occupants of the galleries will adhere to the rule.

Mr. CONNALLY. Let me say to the Senator that I am entirely in sympathy with the idea of reducing the value of the American dollar, but I have a different view as to how it should be done than that which the Senator entertains. I favor reducing its gold content.

Let me say one other thing to the Senator, after apologizing for what he imagines is some attack on his patriotism, which, of course, is visionary and purely a phantom; he says that we have all, including himself, been jumping through the hoop of Wall Street. He may have been jumping through the hoop at the command of Wall Street, but I want to say that, so far as the Senator from Texas is concerned, I have not jumped through the hoop for Wall Street at any time and do not expect to do so; nor have I jumped through the hoop for Great Britain, either.

Mr. WHEELER. When I said that with reference to the Senator I meant it in the general sense that, as I think everybody will concede, the economic policies adopted by the Government of the United States during the last few years have been dictated and absolutely dominated by a little handful of people in the city of New York; and when I said that the Senator had been a party to it, too, I meant the Congress of the United States, and he is a Member of the Congress.

Mr. CONNALLY. No; the Senator mentioned the Senator from Texas.

The PRESIDING OFFICER. Does the Senator from Montana yield further to the Senator from Texas?

Mr. WHEELER. If the Senator is offended by reason of that statement, I retract it.

Mr. CONNALLY. I am not; the Senator cannot offend me.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Utah?

Mr. WHEELER. I yield.

Mr. KING. I think that the Senator, in his generalization as to the effect of international conferences, went a little farther perhaps than accuracy would justify. My recollection is that there has been no economic conference for the consideration of the silver question.

Mr. WHEELER. Oh, yes; there has been.

Mr. KING. If the Senator will pardon me just a moment further, and will permit me to interrupt him——

Mr. WHEELER. Yes.

Mr. KING. The Senator knows that after the defeat of Mr. Byran, in 1896, two measures were passed by Congress providing for international conferences. Mr. McKinley named a number of gentlemen to go to Europe to participate in a silver conference, among them a Republican, a distinguished Senator from Colorado. That Senator upon his return reported that the administration had in effect undermined him and his colleagues and that the conference had been rendered abortive. He was indignant at the treatment which had been accorded the American delegation by the administration.

My recollection is that since the defeat of Mr. Bryan there has been no silver conference or one for the purpose of bringing about the remonetization of silver. The Senator will remember that the Democratic Party declared in its platform in favor of the President calling an international conference for the purpose of rehabilitating silver; that is doubtless what the Senator from Texas had in mind; but we all know that President Roosevelt has taken great interest in the forthcoming Economic Conference, and that he conferred with two delegates who were sent to the preliminary meeting called for the purpose of formulating an agenda, comprehensive in character, that would, among other things, consider the question of remonetizing silver. That agenda has been prepared, and the President and the Secretary of the Treasury are now earnestly and sincerely engaged in conferences and activities preliminary to the London Economic Conference. Whether that was wise or unwise, I do not now make any comment, but I wanted the RECORD to show that the Democratic Party declared in favor of an international conference for the rehabilitation of silver.

Mr. LONG. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Louisiana?

Mr. WHEELER. Just a moment. I still say to the Senator that I have no doubt that the President of the United States is going to call the economic conference in good faith; and I still say that in view of the attitude of Great Britain, in my humble judgment, there is no more chance of getting anything worth while done for silver than there is of my flying to heaven at this very moment; and I do not expect to do that.

Mr. KING. Neither do I.

Mr. LONG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Louisiana?

Mr. WHEELER. Yes; I yield.

Mr. LONG. Mr. President, England did not call any conference when she established her basis of currency.

Mr. WHEELER. Of course not.

Mr. LONG. Other nations have gone ahead and established advantageous systems. I hope the conference will do some good, but whether it shall do good or not there is no reason why we should not do our own people what good we can with or without a conference. I am not opposing a conference; I would be the last one to do that.

Mr. WHEELER. Mr. President, as a matter of fact, England never consulted us when she went off the gold standard, when she depreciated her currency; Japan never consulted us; Germany never consulted us; France never consulted us; but it seems to me in this country we feel that before we can take any steps at all with reference to our economic policy the first thing that we must do is to consult Great Britain, that we must consult France, or we must consult some other country. For my part, I say that I am not in accord with simply submitting everything to Great Britain to see whether or not it is satisfactory to her before we go ahead and adopt our own course, when we have the power to do so.

Here is the statement by Mr. Garet Garrett, and in the correctness of his statement I have great faith. He says:

To begin with, take the news of how international exchange has been manipulated from London in behalf of Sterlingaria. This is from the London Economist, January 7, last, the article entitled "Money in 1932", beginning on page 7:

"Meanwhile, steps had been taken under the 1932 Finance Act to institute special machinery for the regulation of the exchanges. * * * This machinery consisted of the establishment of a special exchange equalization account, owned and operated by the Government, and empowered to hold assets in the form of gold, devises, or sterling, as seemed desirable. The funds at its disposal amount to £150,000,000, plus the balance of the old dollar-exchange account, and when it came into being on July 1 the floating debt was increased by £150,000,000, mainly in the form of Treasury bills, to provide it with the necessary resources."

Who but a banker or one trained in exchange would know the simple meaning of that?

Then this, from the Financial Chronicle in New York, February 11, as viewing some of the effects:

"Sterling exchange, as during the past few weeks, continues exceptionally firm and is prevented from soaring to extremely high figures, it is thought, only by the intervention of the London authorities working in the various foreign-exchange centers through the exchange equalization fund. * * * The market has no way of gaging exactly the operations of the exchange equalization fund, as no official information is ever given out. Nor are the earmarkings of gold in New York officially explained. However, well-informed bankers and foreign-exchange authorities are convinced that most of the gold earmarked in New York during the past few weeks has been for the account of the Bank of England acting for the exchange equalization fund, which has been selling sterling and buying dollars, and converting the dollars into actual metal from day to day."

Yet we talk about expecting to get something from an international conference with Great Britain when she has been manipulating the dollar to keep it at a high price.

Somebody said to me when I was talking the last time, "What you are trying to do is to help China and to help India raise the price of silver. You are trying to help China and India." Just stop for a moment, Mr. President, and think of that. England is depreciating her currency because it is helping her to do so; it is helping her unemployment situation; it is helping her in her trade; it is helping her to sell her goods and send them to America. Japan is doing the same thing; the Argentine Republic is doing the same thing. What I am trying to do, Mr. President, is to raise the value of our money so that it will make it impossible for them to dump their goods upon the American market and make it possible for them to buy from us rather than to sell to us.

Mr. LOGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Kentucky?

Mr. WHEELER. I yield.

Mr. LOGAN. I should like to ask the Senator if he does not think that if we could first remonetize silver as proposed by his amendment there would be a much greater probability the conference would result in some good to America than it is apt to do if we go into an international conference and ask other nations if we may be permitted to do this?

Mr. WHEELER. Of course, I do not think there can be any question about that at all. In my judgment, the best service we could render the President of the United States in the forthcoming conference, the best thing we could possibly do for the Government of the United States, would be to have the Senate at this time adopt this amendment. It would serve notice upon Great Britain and upon the other countries of the world that unless they are going to come along with us and take some action on this question, the United States of America itself intends to do something.

Mr. PITTMAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Nevada?

Mr. WHEELER. I yield.

Mr. PITTMAN. The situation in China as I found it in 1931 was peculiar. The National Government of China was very anxious to restore the purchasing power of silver because it could not pay its foreign debt without restoring the price of silver. In other words, they collected $4 on the hundred in taxes in silver dollar; and when they applied that to their $500,000,000 foreign-debt service, each dollar was worth only 25 cents. Therefore, they had to go into default; and when they defaulted, they had no credit with which to buy munitions, rails, road machinery, engines, and cars; they could not carry out their promise. It was impossible for a government to be maintained in China on that exchange ratio. But the people of China, the merchants of China, had exactly the opposite view. They realized that it was injurious to Great Britain, a gold-standard country, and injurious to the United States, but it was profitable to them, because so high an exchange rate acted as a tariff barrier—that is, the people got no more dollars for their rice and their labor than they ever did—but they had to pay 4½ to 1 to buy our gold-standard dollar with which to purchase our products. They deliberately said, "It has injured the United States and Great Britain and other gold-standard countries, but this depreciated currency of ours as measured by the gold standard is bringing about a boom in China," and that is the fact; there was a boom in China. However, under this condition, they can never have a national government in China that will last. They will never have permanent development in China under this condition. That is the situation.

We are not by any legislation that restores the price of silver directly and immediately benefiting the Chinese people, but permanently we are benefiting them, and we are removing a barrier to trade that is industrializing China; we are removing it just as we would as if it were possible for us to compel Great Britain to go back to the gold standard, which we cannot do. The currency situation in regard to silver money is exactly the same as with regard to the gold-standard money of the countries that have gone off the gold standard. There is absolutely no distinction.

There seems to be a belief in the minds of the British people and of the French that we are interested solely in the commodity price of silver by reason of producing silver in the United States. The silver we produced in the United States last year was only 24,000,000 ounces. At the market price it was a little over $6,000,000 gross. It was not one fifth the value of the product of any one of the mining States. The whole world production of silver was only 160,000,000 ounces, and that was not worth over $40,000,000 gross. So their thought is absurd.

The British are far more interested in restoring the price of silver than is the United States. That applies to the British merchants and exporters. They had a larger trade in manufactured articles with China than we ever had. Not only that, but India has had a deathblow, as was stated in a speech of the president of the Bank of Issue of India, in which he called attention to the fact that the purchasing power of the people of India has been cut in half and that if they could restore their purchasing power it would be one step alone toward restoration of trade in the world.

Mr. WHEELER. I thank the Senator. There is a certain group in England that would be very glad to see a remonetization of silver because of the fact that it would increase the purchasing power of India. But there is another group in England bitterly opposed to it.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Utah?

Mr. WHEELER. I yield.

Mr. KING. The Senator's last statement is accurate. If he will permit me, I would say that more than 200 or 300 of the leading industrialists and some of the leading bankers and some 30 or 40 members of the House of Lords and the House of Parliament formed a silver association and have been advocating for more than a year the restoration of silver to the status of primary money. Many textile manufacturers have joined the association. I think, if a vote were taken in Great Britain today, there would be a majority in favor of the remonetization of silver. There is opposition by some bankers, but many of them have come over to the bimetallic standard. The contest is between a limited number of bankers and the mass of the industrialists and the people. To repeat, I believe a vote in Great Britain today would be in favor of remonetization of silver.

Mr. WHEELER. There is no doubt that if the people had a chance to vote on it, they would remonetize silver in England. If the people of this country had a vote on it, they would vote overwhelmingly for the remonetization of silver here. Someone said Mr. Bryan was defeated on that issue in 1896. He lost by something under 500,000. Mr. John W. Davis lost by 6,000,000 or 7,000,000. Mr. Cox lost by several million votes. Yet we do not want to repudiate everything they stood for in the Democratic platform of 1924 or 1920 merely because they were overwhelmingly defeated in those elections. Conditions have completely changed. At that time we were a debtor Nation while today we are a creditor Nation. That is why I assert without fear of contradiction, because of the fact that we are a creditor Nation, that we can maintain the ratio at any fixed, definite figure we want to adopt. Any economist of any note who has given study to the subject will agree with me upon that point.

Mr. President, I do not want to take more of the time of the Senate with reference to the subject. I should be very glad indeed if we were able to take a vote on it at any moment, because I feel convinced, as I said a moment ago, as the Senator from Kentucky [Mr. LOGAN] so well expressed it, that a vote to adopt my amendment to the bill would be rendering the President of the United States the greatest possible help in the forthcoming economic conference. The President would then be able to go to the conference and say that the people of the United States are favorable to doing something with reference to the subject and that we have to insist upon doing it. If the Senate votes down this amendment, he is placed in the rather embarrassing position of having others say that the Congress is not in favor of doing anything.

We all know that the President of the United States, in his speech in my home city of Butte, Mont., declared emphatically that he was for rehabilitating silver. We know that since that time he has uttered statements to the effect that he wanted to do something about it. Let us show him that the Senate of the United States is going to back him up in that statement. As the Senator from Utah [Mr. KING] has well said, the Secretary of State has said it is going to be a part of the agenda of the conference. A vote to attach it as an amendment to the pending bill would back him up and give him the power to say that the United States Senate is back of him in his effort to rehabilitate silver. Those who say that a vote at this time in favor of it would disturb the situation, it seems to me, entirely miss the point.

Mr. BORAH. Mr. President, before the vote is taken I want to occupy the attention of the Senate briefly. It is not singular at all that in the discussion of the farm bill we should come directly to a discussion of the subject of inflation. As I take it, the silver proposition is a subdivision at least of the general subject of inflation. There is in my opinion no divorcing the subject of farm relief and inflation. They inevitably come together. Logically they are one and the same proposition. The great object of farm-relief legislation is to raise the price of commodities. Without that, any scheme which we may propose will ultimately fail. In my opinion we shall not succeed in raising the price of commodities permanently except through some system of inflation.

When we speak of inflation, the reply is that it means trouble, disaster, and greater distress. To my mind the answer to that is that unless we can arrest the fall of prices, the distress which is ahead is infinitely worse than anything we have experienced in the past. Our whole scheme for rebuilding the industries of the United States and rehabilitating agriculture rests upon the proposition of successfully arresting the fall of commodity prices and bringing about an increase in them. I ask in all sincerity, how are we going to do that except through a well-thought-out, controlled system of inflation? Has anyone suggested at any time during this period of depression any effective means of raising the prices of commodities other than through the currency or the money question?

Mr. President, it is about 4 years now since we were considering some of the first proposals made by the then President of the United States. One of the proposals which came in early was what is known as the "Farm Marketing Act." A review of the press and the general expressions of opinion at that time relative to that measure would disclose that they were to the effect that it gave reasonable assurance of maintaining farm prices and rehabilitating agriculture. For a time the effect of the measure seemed to be satisfactory. But prices continued to fall. The deflation continued on its course. The Farm Marketing Act proved to be wholly inadequate for the purpose for which it was enacted. It was built on a false foundation. The essential cornerstone of rebuilding was absent. We were endeavoring to bring prosperity to farmers without providing against the fall of prices.

From time to time measures were proposed and some of them passed, all having for their purpose the rebuilding of American industries and, as was said at the time, of restoring confidence in the American people. We came to the Reconstruction Finance Corporation measure. We recall well how it was prophesied that this would restore business, inspire confidence, and start the American people on the way to reasonable prosperity. It is interesting to go back and read the prophecies concerning those measures and what was expected of them and how it was hoped that they would have some tendency at least to stay the price of commodities and restore confidence in the American people. Prices continued to fall. Loans instead of being a blessing came nearer being a curse. The effect of the Reconstruction Finance Corporation measure was wholly disappointing. Nothing which was proposed had the effect of staying the fall of commodity prices. Therefore every measure and every proposal proved a failure. We could not even balance the Budget.

We come to the present administration and find the same situation. Let us pass by the merits or demerits of the measures which have been enacted, in and of themselves. Nevertheless there has been no stay of any moment of the fall of commodity prices. For a time there was a temporary rise, a temporary assurance of better conditions, and finally back again to the original prices and even lower than they had hitherto been.

I venture to say that the measure which we have here now will not restore the prices of farm commodities for any length of time unless we deal successfully with the money question. It will prove as unsatisfactory in the end as did the Farm Marketing Act. I regard the farm bill now before us as a sincere, honest, heroic effort to be of some service to American agriculture, but it is my belief that unless we have the courage to sit down regardless of party and work out a sound method of inflation, this measure will prove as unsatisfactory in 6 months as did the Farm Marketing Act. This measure will not of itself stop the fall of prices, and like all legislation it will crumble under the avalanche of depression if prices do not rise.

We are seeking by this measure to raise the price of farm commodities at the expense of the urban dweller. Bear in mind, my friends, that the entire income of the United States only a few short years ago was about $83,000,000,000 to $84,000,000,000. It is now about $37,000,000,000 to $40,000,000,000. We cannot successfully serve the cause of the American people by raising the price of commodities for one group at the expense of another group. We must find some method by which to increase the income of the Nation as a whole. With this impoverished national income no healthy or permanent relief will come of dividing it up again.

There is only $37,000,000,000 to $40,000,000,000 of income to be divided among the American people as an entirety; and unless we can find a means by which to increase that income to the people as a whole, we shall not succeed by giving a little more of it to this group and taking some from that group. That may give a higher price for a time to the farmer, but unless the national income is increased it will be only temporary.

It seems to me, therefore, that any of these measures, however sound they may be in and of themselves, must have the basis of increased price of commodities in order that they may be sustained and be of benefit to the American people.

Take the Economy Act: That act, as a matter of economy, reducing the expenses of the Government, is something with which all of us sympathize. Nevertheless, it was in and of itself a deflationary measure; and all these measures—the Economy Act, the banking bill, and the other measures which have been proposed—have the effect of further deflating American business. Unless we can add to that something in the way of an inflation of the currency, it seems to me inevitable that in a short time we shall land precisely where the other administration landed.

I learn from the press that the President of the United States is giving study and thought to the subject of inflation. I think uncontrolled inflation would be an evil equal to that of deflation; but that, in my opinion, does not for a moment argue against the wisdom and the effect of a reasonable or a controlled policy of inflation. If the President is giving thought to inflation, then I should like to move in harmony with the administration at least until it is determined whether any plan is to be pursued. I say this for the reason that while I favor inflation, yet I know it is a difficult and delicate problem and the Government and all departments of the Government should be in harmony, if possible, in order to insure success.

It is a subject upon which the administration and the Congress should agree before we can be sure of making the program successful. It would be utterly impossible, whatever measure we might pass, to make it successful without the cooperation of the executive department of the Government. The sentiment for inflation is increasing.

I notice that Mr. Walter Lippmann, formerly most conservative on inflation, only a few days ago had this to say:

> The speculative rally has subsided, and the deflation continues to run.

That is exactly what happened under the former administration. The former administration refused to touch the subject of the currency. We were warned, week after week and month after month, that the agitation of it would bring ruin and destruction to the country. The result was that prices continued to fall, deflation continued on its course, and an administration which came into power with an enormous vote and exceptional popularity was driven into retirement. Unless we can reverse the course of events and change the course of commodity prices, nothing in the world can preserve the popularity of any administration, however great it may be.

Mr. Lippmann says:

The idea which gives order and significance to the tasks that lie ahead is that we are engaged in a struggle to arrest the fall of prices, in other words, the deflation, and to bring about a moderate rise in prices, in other words, a controlled inflation.

People speak about "controlled inflation." Nobody expects or wishes uncontrolled inflation. But, says Mr. Lippman, in effect, unless we can arrest the fall of prices, and do so through inflation, the measures thus far enacted into law will be disappointing.

Thus, if the forces of deflation which are bearing down upon American producers are not dealt with, all these measures of Budget balancing and capital reorganization will clearly be quite ineffective. Unless prices rise and incomes increase, the new Budget will soon again be out of balance and the reduced mortgages of farmers and the scaled-down bonds of railroads will soon again be intolerable. It is possible to adjust debts and fixed charges down to a new level only if the new level is at least stable. It is probably practically impossible to adjust all debts and fixed charges down to the catastrophic level to which they have now fallen. Any successful readjustment of fixed charges calls for some substantial rise in prices and stabilization at a somewhat higher level than now prevails.

That, Mr. President, is the great problem before the civilized world today. In England, in France, and throughout all lands this question of how to stay the fall of commodity prices is the one which torments the minds of the great leaders of the nations. I take it that the main purpose of these conferences, singly and afterward collectively, is to find some way by which to stay the fall of commodity prices.

Civilization depends upon finding a solution. I am prepared to vote for any measure—whether in its details it satisfies me or not, whether in its details it seems to me wise or not—I am prepared to vote for any measure which endorses the principle of inflation. If I should vote for this amendment, it would be as an endorsement of inflation, rather than the method.

The Chicago Daily News a day or two since said:

Instead of passing the farm bill, it would be better for the Federal Government to initiate immediately a program of deliberate and controlled inflation, using the machinery established by the Emergency Banking Act. The experience of England since its departure from the gold standard has robbed such programs of much of their terror. "Off gold" English commodity prices and living costs have been stabilized and export trade has expanded slightly. There has been a decrease in unemployment. Those are important gains for a nation struggling toward commercial rehabilitation.

Professor Thompson, of the Columbia School of Political Science, a few days since said:

We are face to face with a grave situation at the moment, and currency reform has become imperative. The crushing weight of the depression has fallen upon debtors and producers without working capital, and they should not be left to the tender mercy of the relentless creditor and the sheriff. If, during an era of expansion and excessive credit, debts were contracted which cannot be liquidated, distress sales of commodities and foreclosure of real estate bring despair to the man who cannot quickly mobilize his assets to meet the demands of his banker.

Manipulations of greedy bankers and money lenders and the reluctance of capitalists and conservative statesmen to depart from past practice and the letter of the law which has brought on in large measure such deplorable conditions may well urge us on to the verge of desperation. No matter that live credits are being translated into bad debts, defaulted mortgages, and uncollected judgments, the banker who cashed in on an inflated market will not hear to a devaluation of the dollar; he wants to increase its potency and purchasing power.

The Democratic platform on which Mr. Roosevelt was elected stands for sound money, and with that principle we all are in accord.

Certainly we are. I do not admit for a moment that in arguing for inflation, for a cheaper dollar, I am arguing for a dishonest or unsound dollar. I maintain, as I have said here before, that a dollar which it takes three times as much wheat to buy, or three or four times as many hogs to buy as it did 2 or 3 years ago, is not an honest dollar or a sound dollar. What we are asking for, Mr. President, is such dealing with the money question as will give to the business men of the country, the farmers of the country, and all who must transact business, an honest measurement of values from year to year.

Suppose the price of commodities continues to fall: What becomes of the proposition of scaling down the debts under this program which we have before us? Although the debt may have been scaled down under the fall which is taking place, it will be only a short time until the farmer proportionately is in no better position to redeem himself than he was before it took place.

Suppose we undertake to balance the Budget, and succeed in balancing the Budget today, and prices continue to fall, and taxes continue to decrease, as of late. We will have an unbalanced Budget from month to month, just as we had under the previous administration. There is no escaping the fact that we are up against the proposition of considering the money question, and in order to do so successfully we must have the cooperation of the administration.

Mr. FLETCHER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Florida?

Mr. BORAH. Yes.

Mr. FLETCHER. May I suggest to the Senator along that line, in connection with this legislation, is not the farmer entitled to the same kind of a dollar for his products that he is obliged to pay his taxes with, and his interest on his obligations, and other items of expenditure?

Mr. BORAH. Mr. President, that is true. The farmer has seen his taxes rise in the last 10 years 300 percent. That is on the face of the paper; but when he comes to sell his commodity to secure means with which to pay his taxes, he finds that his taxes have risen from 600 to 700 percent. It is the same way with his mortgage. He may have had a mortgage of $5,000 in 1929. Now, although it stands as the same upon paper, he has a mortgage of from ten to twelve thousand dollars, through no act of his own, through no additional loan, through no change in the note, but through the constant increase in the value of the dollar.

Since 1929 bank deposits have shrunk $21,000,000,000. Eight and a half billion is in closed banks; two and a half billion is hoarded currency; and ten billions has been the result of a reduction of bank credits.

The following bank deposits have been frozen since the beginning of the depression:

1930	$864,700,000
1931	1,691,500,000
1932	730,400,000
1933, Mar. 3 to Mar. 22, about	5,000,000,000

Mr. President, if I had my way about it, I would be ready to attach a clause to this bill giving the Government the power and authority, and directing it, to pay 60 cents on the dollar for every one of these frozen dollars and take an assignment. That would be one way in which, with justice and perfect safety and fairness to American depositors, we could increase or inflate the currency of this country.

Mr. KING. Mr. President, will the Senator yield?

Mr. BORAH. In just a moment. While I do not propose to discuss it this afternoon, I would follow that as rapidly as I could by a bank guaranty law. If we are going to punish men for hoarding, let us first give them a safe place to deposit their money.

Mr. KING. While it is important, of course, to have an increase in the circulating medium, does not the Senator believe that the important thing is to find work for the people, and, therefore, if necessary, to have the Federal Government engage in large activities of a public character, but primarily to encourage private industry to resume activities, and to furnish employment for the millions who are out of employment? It seems to me that the important thing is to get men to work, and, of course, if by inflation, "controlled inflation", to use the expression so commonly used, that could be effectuated and the result accomplished in part, at least, then controlled inflation might be important.

Mr. BORAH. Mr. President, I do not know how we are to put men to work and keep them at work with a continuous fall in the prices of commodities. I do not know how we are to restore confidence to the American people with a continuous fall in the prices of commodities. I do not know how to arrest the fall in the prices of commodities except through action regarding the money question. If there is another way and a sounder way and a safer way, I am only interested in the result.

Mr. KING. Mr. President, will the Senator yield further?

Mr. BORAH. I yield.

Mr. KING. Does not the Senator agree that if four or five millions of unemployed could now be put back to work in profitable employment, that would increase production and increase consumption and, pro tanto, augment the prosperity of the country, or at least relieve us from some of the depression?

Mr. BORAH. Mr. President, if we put men to building public buildings, post offices, and so forth, in my opinion it will not produce the result which the Senator desires. If we can put men back to work at productive work, producing something which the human family needs, that would be of help, but if we are simply to build public buildings, in the end, in my judgment, the result will be unsatisfactory. We will have the public buildings on our hands, there will be no income from them, and we will have the expense of taking care of them.

Mr. KING. Mr. President, if the Senator will pardon me, in the construction of public buildings, brick and lumber and all the essentials which go into the construction of buildings will be required, and employment would be furnished to people in providing those essentials.

Mr. BORAH. Oh, yes, Mr. President; we could put men out here on the street digging holes and filling them up, and the machinery that would have to be used would have to be produced somewhere, and that would give some employment; but unless we are putting their efforts into some line of industry or some line of production which brings some return to the human family in the way of benefit through producing the things which they desire, the things which they must wear, or the things which they must eat, in my opinion, in the end there will be failure. I do not mean to say that in order to keep men from actually starving we might not have to do these things which we are now talking about. What I am speaking of is the restoration of the prices of commodities as the ultimate solution of the depression through which we are passing.

Mr. President, I have a statement before me, prepared by a research bureau, and I want to read a paragraph from it and call attention to some figures to show how utterly powerless we are to protect the American farmer or the American business man in his markets unless we can deal with this money question. This writer says:

> On the next page we will see an interesting comparison of the experience of the gold-standard countries, the restricted-exchange countries, and the "managed-currency" countries, during 1931 and 1932 in the matter of pig-iron and steel production—the best index of general business conditions within these countries. This study shows that the managed currency countries achieved a remarkable stability in their production, whereas the advocates of "sound money" would have predicted uncontrolled inflation and trade once a country definitely departed from gold. In the case of the restricted-exchange countries, it shows a 36-percent decrease and in the gold-standard countries a 44-percent decrease, with the most serious decline of all in the case of the United States. If we continue our present monetary policy much longer, this study would indicate that even Russia would pass us in the production of pig iron and ferro-alloys. One could list a considerable amount of other evidence which would prove beyond question that the real instability in currencies at the present time occurs in the case of those definitely linked to gold and not those "managed" with the welfare of a country's citizens in mind.

In support of that I want to put into the RECORD the figures which he has prepared, showing the prices of commodities in the gold-standard countries and the prices of commodities in the managed-currency countries.

The PRESIDING OFFICER. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

Comparison of pig-iron and steel production in managed-currency countries, gold-standard countries, and restricted-exchange countries, 1931–32

	Metric tons			
	Pig iron and ferro-alloys		Raw steel	
	1931	1932	1931	1932
Restricted-exchange countries which work under the same disadvantages in export competition due to rigid exchange laws as countries on the gold standard				
German Customs Union	6,063,000	3,900,000	8,292,000	5,710,000
Spain	495,000	270,000	604,000	500,000
Rumania	50,000	40,000	120,000	80,000
German Austria	145,000	90,000	322,000	210,000
Yugoslavia	38,000	30,000	60,000	40,000
Hungary	160,000	120,000	316,000	200,000
	6,951,000	4,450,000	9,714,000	6,740,000
Gold-standard countries or countries whose currency is at or near par				
Belgium	3,232,000	2,470,000	3,135,000	2,800,000
France	8,199,000	5,500,000	7,808,000	5,500,000
Netherlands	257,000	250,000		
Italy	552,000	490,000	1,527,000	1,350,000
Czechoslovakia	1,165,000	450,000	1,521,000	670,000
Poland	347,000	200,000	1,037,000	530,000
United States	18,721,000	8,900,000	26,553,000	14,100,000
Canada	473,000	140,000	685,000	340,000
	32,946,000	18,400,000	42,266,000	25,290,000
Managed-currency countries or mandated regions whose currency has appreciably depreciated or which have no restrictions on foreign exchange				
Saar	1,515,000	1,320,000	1,538,000	1,430,000
Luxemburg	2,053,000	1,920,000	2,027,000	1,920,000
Great Britain	3,818,000	3,600,000	5,446,000	5,500,000
Russia	4,900,000	6,200,000	5,416,000	5,400,000
Sweden	418,000	240,000	552,000	530,000
Japan	1,408,000	1,200,000	1,864,000	2,200,000
British India	1,150,000	1,000,000	610,000	500,000
	15,262,000	15,480,000	17,453,000	17,480,000

	1931	1932	Percentage of change
SUMMARY			
Pig iron and ferro-alloys			
Restricted-exchange countries	6,951,000	4,450,000	36-percent decrease.
Gold-standard countries	32,946,000	18,400,000	44-percent decrease.
Managed-currency countries	15,262,000	15,480,000	1-percent increase.
Raw steel			
Restricted-exchange countries	9,714,000	6,740,000	30-percent decrease.
Gold-standard countries	42,266,000	25,290,000	40-percent decrease.
Managed-currency countries	17,453,000	17,480,000	0.2-percent increase.

Mr. BORAH. Mr. President, it is true that the managed-currency countries are now invading the markets of the United States, in addition to having already to a large extent taken possession of our foreign markets. At the present time the managed-currency countries have what is in effect a very high protective tariff by reason of their cheaper currency.

Suppose we undertake to lower the tariffs in this country in order to permit people to sell to us, and thereby find a means by which to buy from us. While that is taking place, the cheap-currency countries may so manipulate their currencies as, notwithstanding the lowering of the tariff, to give them the advantage of a high protective tariff upon their part. It is dangerous to lower tariffs until the currency question is adjusted.

There is no means by which we can stabilize anything—the tariff, prices, our markets—until there is a stabilized currency, both in this country and internationally.

There is no one in the United States who is more interested or should be more interested in the coming international conferences than the farmer. The farmer sells abroad—the cotton farmer 55 percent of his product, the tobacco farmer 41 percent, the wheat and rye farmers 20 to 22 percent, the lard producers 23 percent. Until we can get back these foreign markets upon a reasonable basis there can be little permanent prosperity to the American farmer, and we can never get back those markets so that they will be ours with any degree of certainty until the international currency question is adjusted.

Mr. KING. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. KING. The Senator knows that when the last tariff bill was before the Senate for consideration, a number of Senators insisted that we needed foreign markets for our surplus products. However, when it was shown that many commodities were imported into the United States in insignificant quantities the tariff rates were put very high, with the avowed purpose of excluding imports from the United States. If we have that mentality and pursue that policy of excluding commodities by tariff duties, then it seems to me that much of the argument my friend is making, with which I substantially agree, would lose its potency. Many Americans, unfortunately, during the past few years have indicated a determination to have no commerce with other nations. Apparently they expect to find export markets, but absolutely refuse to receive imports in exchange.

Mr. BORAH. Mr. President, as the Senator knows, I am what they call a low-tariff man on this side of the Chamber. I have voted for a tariff bill but once since I have been in the Senate, 26 years, because I always thought the rates were too high. Nevertheless, I am not willing to lower the tariff duties in this country so long as the managed-currency countries, through their processes, can ship their goods over any tariff wall we may establish. I think tariff adjustments must go hand in hand with currency adjustments.

Mr. PITTMAN. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. PITTMAN. It is perfectly evident, and I may say admitted by the leading economists of Great Britain, that they are maintaining the pound sterling at the present level, as they say, to equalize costs of production in the United States and in Great Britain. Whether that reason be sound or not sound, I am calling attention to the admission.

It was only recently that I asked one of their prominent economists, who I think may speak with some authority, what, in his opinion, would be the action of the British Government if we should reduce the gold content of the dollar one half. He said:

> Of course, I cannot speak for the British Government, but I think the logical thing for them to do, and what I believe they would do, so as to maintain the same status quo as that which exists today, would be to reduce the value of the pound sterling in gold or dollars to $1.75.

Just one other thing and I will be through. There is a race for the depreciation of currencies in the world, as there was a race once for high tariffs, and probably still is, and for the same purpose. The race for the depreciation of currency can have no effect whatever except that the currencies will go to no value, as the German mark did. Consequently it seems absolutely essential that there must be a stabilization of currencies in all these commercial countries, based on metals, something that is fixed or approximately fixed as to quantity and production. If that is not accomplished, then this fight will go on, to the disruption of currencies and exchange values and the whole economic system of the world.

Mr. WAGNER. Mr. President, will the Senator from Idaho yield to me?

Mr. BORAH. I yield.

Mr. WAGNER. One aspect of this question which puzzles me somewhat is this: If these foreign countries with depreciated currencies have invaded our market to the point of dumping, how is it that we have maintained the balance of trade in our favor within the last year or two?

Mr. BORAH. I do not have the general figures, but I do know that our foreign markets for farm products have been greatly curtailed. Whether that has been made up by exportations of products of another kind, I do not know. I know that the foreign markets for our farm products have fallen away. For instance, the South during the last fiscal year sold about $200,000,000 worth of cotton abroad, while in a normal year they would sell $700,000,000 worth.

Mr. WAGNER. That is because of the inability of foreign markets to purchase, because of decreased purchasing power, but, as I understand, the relationship is the same; that we as a Nation still have a balance of trade in our favor.

Mr. BORAH. I am not sure that the Senator is correct about the figures; I do not know about that; but, for instance, take the fishing industry on the Pacific coast; Japan and other cheap-currency countries have practically taken possession of it, they have almost closed our industries, our business is practically at a standstill. That is a physical, demonstrable fact; and they are doing it by reason of their cheap currency.

Something has been said this afternoon about the forthcoming international economic conference and some doubt has been cast upon the possibility of its success. Of course, no one knows what can be accomplished; but if there is any one enterprise in which the whole United States is interested and to which it ought to give its support, in a sincere and intelligent way, it is the international conference which is to be held, we hope, some time early in the summer. Without the solution of such questions as the currency question, as the disarmament question, and kindred questions, without the solution of those problems as international problems, the United States must readjust her entire industrial and financial policies and proceed along an entirely different line from what it has proceeded since the organization of the Government. We will have to turn our attention to economic nationalism to an extent never dreamed of heretofore. Every reasonable effort should first be made to adjust these great essential economic problems.

Mr. SMITH. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from South Carolina?

Mr. BORAH. I will yield in just a moment. The United States must do that, because, as suggested by the Senator from Nevada a few moments ago, with this race in the form of currency depreciation going forward, there is no bottom except the abyss. Now I yield to the Senator from South Carolina.

Mr. SMITH. The Senator from Idaho is speaking of the impending meeting of the nations looking toward some kind of an agreement as to currencies. Does he think that we ought to wait on that conference in an attempt to arrest a condition that is so notorious in this country?

Mr. BORAH. Mr. President, my candid opinion is that we shall have to wait for some time. We may enact legislation, we may attempt to go forward as we have for the last four or five years without the adjustment of these international economic problems, but, in my opinion, we shall be disappointed in any legislation which we may enact. I do not mean to say that we should not ameliorate the situation as best we may, that we should not administer relief where it is possible to administer relief, but I am speaking of the permanent return of normal prosperity in this country and throughout the world. Without the adjustment of those international problems, I myself cannot see any immediate return or any return at all of normal conditions.

Mr. SMITH. One of the reasons I ask the Senator from Idaho the question is that he read some statistics to show that the countries that have a managed currency are already relieving themselves and are on the upward road, while those that are managed by their currency have gone in the other direction. It seems to me that if England and other countries have been able to maintain a more tolerable condition for their people, through their recognition of the necessity of modifying their currency laws, we certainly ought to follow suit to whatever degree we can bring about relief.

Mr. BORAH. Mr. President, as I said a moment ago, if these questions cannot be adjusted internationally, undoubtedly we shall have to adjust ourselves to the situation; but, in my opinion, the sound, the secure, the safe way to deal with the money question is through an international agreement, through an international understanding.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Idaho yield to me?

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Arkansas?

Mr. BORAH. Yes.

Mr. ROBINSON of Arkansas. I assume the Senator has in mind an arrangement for the stabilization of exchange?

Mr. BORAH. Yes, sir.

Mr. ROBINSON of Arkansas. The Senator, as I understand, does not advocate the effort on the part of the Government of the United States to depreciate its currency in competition with nations that compete with us for trade and commerce?

Mr. BORAH. What I was saying was that the only safe way to stabilize international exchange is through international agreement, and I think it is the same way with the silver question with which we are dealing. I think the safe, sound, secure way to deal with it is through international agreement. I very much doubt whether the United States alone can do very much with the silver question.

I know that my friend from Montana [Mr. WHEELER] holds an entirely different view; but if the President of the United States, as he has stated he is undertaking to do, can bring about a stabilization of the silver question through international agreement, it will be more permanent and better for the people of the United States than for us to attempt to do it by ourselves. While I say that, at the same time I recognize that some things may be done to ameliorate the situation here, but there can be no permanent prosperity and there can be no permanent relief, in my judgment, until we settle some of the international problems; and the most important conference to convene since the conference at Versailles, which ended the World War, will be the international economic conference to which attention is now being directed by the President of the United States. It is my deliberate opinion that the happiness and the prosperity and even the future stability of many governments depend upon the success of the conference which is to be held. If the peoples of the world are to pursue the course which they have pursued since the Versailles conference, if economic war is to take the place of military war and to continue indefinitely, God only knows what future has in store for the peoples of the world.

Mr. VANDENBERG and Mr. LONG addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Idaho yield; and if so, to whom?

Mr. BORAH. I yield to the Senator from Michigan, who, I think, rose first.

Mr. VANDENBERG. The Senator is discussing managed currency and its success abroad. Manifestly its success, if any, has depended upon sympathetic management. I submit to the Senator that there is no chance for sympathetic management of any of these propositions in the United States under the existing attitude of the Federal Reserve Board. I assert that there has never been a moment when the Federal Reserve Board has given sympathetic ear or assistance or cooperation to a single effort the Congress has made in respect to the expansion of the currency; and I submit to the Senator that if we propose to do anything further by way of effort in this direction, we shall have to be more specific than we have ever been heretofore.

Mr. BORAH. Mr. President, one of the easiest things in the world to do is to get rid of that Board if that be necessary.

Mr. FLETCHER. Mr. President, may I suggest to the Senator just one thought?

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Florida?

Mr. BORAH. I yield.

Mr. FLETCHER. I am quite impressed with what the Senator says as to the importance of an international agreement, but I feel, too, that the United States has not come out very well when it has entered into international agreements. With reference to silver we have had four or five different international conferences.

Mr. BORAH. No; the Senator is in error as to that.

Mr. FLETCHER. We have had three or four of them, anyway; there was one at Brussels.

Mr. BORAH. We are in a new era.

Mr. FLETCHER. But, anyway, we never got anywhere in any of those conferences; that has been the trouble.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Louisiana?

Mr. BORAH. I yield.

Mr. LONG. I now remember my question, having been reminded of it by the Senator from Florida [Mr. FLETCHER]. The Senator from Idaho does not think that there ought to be any restraint on us in voting for remonetizing silver today, does he, because a conference is going to be held? If we can do anything to help, we should do it, should we not?

Mr. BORAH. Mr. President, if the Senator wants my candid opinion about it, the way to deal with the silver question is through an international conference. I, in part, represent a silver State, and I have no prejudices, I suppose, which would blind me to the value of silver in our monetary system; I think it has an important place in our monetary system; but I do not see how we by ourselves can be successful in placing silver in the monetary systems of the world. I believe in the restoration of silver to its proper place in our monetary system, but I have long entertained the view that such restoration in order to be successful and permanent should be through international adjustment.

As I said a moment ago, if I vote for this amendment it will be because I am voting for a subdivision of the question of inflation. My deliberate judgment is that the way to deal with the silver question is through an international agreement, and that we ought to support the President in the way which will be most conducive to his success in that respect. If I knew that the President desired that this measure be not adopted, I would vote against it. He is to carry the silver cause through the international conference, and I would not want to embarrass him in so vital a matter.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Arkansas?

Mr. BORAH. In just a moment I will yield. In other words, I think much depends on the success of the international conference, and I am willing to adjust my relationship to that by my action here in the Senate.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator now yield?

Mr. BORAH. I yield.

Mr. ROBINSON of Arkansas. I can inform the Senator from Idaho that the President does not desire either of these amendments adopted.

Mr. BORAH. Very well. I shall not vote for the amendment, as I feel nothing should be done to imperil the success of his efforts.

Mr. ROBINSON of Arkansas (and other Senators). Question!

Mr. ASHURST. I ask for the yeas and nays.

Mr. ROBINSON of Arkansas. Let the yeas and nays be ordered, and then I will suggest the absence of a quorum.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Montana [Mr. WHEELER] in the nature of a substitute for the amendment of the Senator from Louisiana [Mr. LONG]. On that question the yeas and nays are demanded. Is the demand seconded?

The yeas and nays were ordered.

Mr. PITTMAN. Mr. President, I beg leave to make a short statement, as I will be compelled in a few moments to leave the Chamber. I have a pair, so that my vote will not be lost; but I wish to say that I have already, during the speech of the Senator from Montana, called attention to a number of facts which, in my opinion, are in support of the remonetization of silver in aid of international trade. I am going to ask leave of the Senate to place in the RECORD as part of my remarks two statements which I have made on this subject and which thoroughly express my views.

I am of the opinion that there is more encouragement for favorable action by the approaching international conference on the subject of silver money, as well as all other forms of monetary exchange, than there has been in a very long time. I think that the necessity for agreement is known to statesmen everywhere. Of course, it is difficult for one nation that is deriving an advantage from the present situation to forego that advantage, but all nations realize that the result will be complete destruction of the monetary systems of the world if the contest in depreciation shall continue without end.

I have never yet offered a proposal such as that contained in the amendment of the Senator from Montana. I have offered several bills looking to the purchase of silver by the United States, with the object of bringing back the world price of silver to its normal parity eventually based on production and consumption. I have introduced bills that have attempted to eliminate the unnatural supply that has been thrown on the markets of the world. I feel, however, that through an international conference we will be able to go very much farther than that.

We have had one vote already on the same bill the Senator now proposes as an amendment; I voted against it, and all except three western Senators voted against it. It gave the impression throughout the world that there was no substantial sentiment in the Congress of the United States in favor of the remonetization of silver. I am unwilling to have such an impression go out to the world. I know that there is a strong sentiment for the remonetization of silver. There is a great difference of opinion as to the method by which it should be accomplished, the limitations under which it should be accomplished, the period of time over which it should be accomplished; and yet the overwhelming sentiment, in my opinion, today of the people of the United States is for the remonetization of silver.

There is a grave distinction between bimetallism and abandonment of the gold standard. If one speaks of monometallism or bimetallism in the sense of a single measure or a dual measure, that is one thing; if one is thinking of monometallism as the base, whether it be gold or silver, with a maintenance of parity on the national ration of 16 to 1, that is an entirely different theory.

The United States might have the gold standard as its measure of money value and maintain, as it does today, the parity of silver on the basis of 16 to 1. China might have the silver standard and yet maintain in gold all other currencies that come into China on the basis of 16 to 1 in China. The main proposition is not to attempt to force on the world any particular standard of measure, but to have such standards of measures as are adopted throughout the world maintained as nearly as possible on a fixed standard of ratio so that the exchange value of money may be the relative value as between the countries, so that speculation in exchange may cease, so that moneys may not be used for the purpose of bearing down or raising the prices of commodities or giving one country an advantage in world trade over another country. These are the things we seek.

My views have been expressed time and again in this body as to what I think are the practical means to accomplish this purpose. But I want to say now that I do not think it will be injurious in any sense of the word for this body to express its views with regard to the remonetization of silver in our own country. I cannot see that it will. There are others who feel that it might have a deterrent effect on the international conference. I do not see how it can have. I believe that the world should know that this great country of ours is taking the silver question seriously—and when I say "the silver question" I mean the use of silver money throughout the world—that we recognize silver as money, that it always has been money and probably always will be money for five sixths of the people of the world, and that we realize it has its effect on trade through exchange with gold-standard countries. I think the world should know that. For that reason I ask leave that I may incorporate in the RECORD two statements which I have made with regard to the subject. I would not make the request except, first, that I know the Senate is anxious to vote; and, secondly, it is absolutely essential that I leave immediately for an appointment which I have at the other end of the Capitol.

The PRESIDING OFFICER. Without objection, the request of the Senator from Nevada is granted.

The statements referred to are as follows:

SILVER AND THE COMMODITY PRICE LEVEL

The fundamental and underlying cause of the present world crisis is the fall in commodity prices. The purchasing power of money has increased or, in other words, the value of commodities in terms of money has decreased. The prosperity of industry, trade, and commerce depends upon the ability of people to purchase not only the bare necessities of life but those things which make for comfort, enlightenment, high standards of living, and happiness. This purchasing power ultimately goes back to the price of commodities. The normal purchasing power that existed in most countries prior to 1930 has depreciated to its disastrous present level through the destructive fall in the price of commodities. The agricultural problem and the prosperity of agriculture, which is admitted to be the basis of all prosperity, is the problem of raising commodity prices to a point where there will be a profit to the producer. Today many of our chief agricultural products are selling below the cost of production. The effect upon the purchasing power of the producers is obvious. At least one third of our people are directly dependent for their purchasing power upon profits derived from the products of agriculture. When these people are unable to purchase the products of the manufacturer, the manufacturer is compelled to reduce his output and as he reduces his output he discharges labor. Labor, as a group, is admittedly second in importance as a purchaser in our markets. As labor is compelled to join the ranks of the unemployed it also joins the ranks of the nonpurchasers and thus continues the process of the necessary reduction in plant operations. There is a vicious and unending circle which cannot and never will be terminated until the purchasing power of those engaged in agriculture is raised through an increase in the price of their products to a level that will show a profit to the industry. The value of lands is dependent upon the profits that may be derived from them and that, in turn, is dependent upon the profits that may be obtained from the commodities raised thereon. The value of manufacturing plants is determined by their earning capacity and no plant operating at 15 or 20 percent of its normal capacity can show a profit.

So when commodity prices are below the cost of a profit level then property values decrease. As property decreases the power of governments to obtain moneys from taxation decreases, whether such taxes be levied against physical properties or income. So the Budget problem is inevitably and eternally involved in the price of commodities. Our real problem cannot be solved until the prices of commodities are raised not only above the cost of production but to a level that will show profit. When plant operations are reduced through loss of purchasers, car loadings fall off and nothing can restore such loss save the restoration of the purchasing power of the people within our country. So again I repeat that all our problems, both individual and governmental, are involved in the problem of commodity prices.

There is no overproduction as measured by the normal demands of our people for consumption. Production is less than it was prior to 1930, and yet our population has increased and the desires of our people for those things that they consumed prior to 1930 are unchanged. Surplus products in practically every country of the world have beaten down domestic prices. These surplus products restrained from their natural foreign markets have been thrown back on domestic markets with the natural inevitable destruction of domestic prices.

This cessation or stagnation of foreign trade may be due to several causes, but undoubtedly it is chiefly due to two major causes. Tariff walls erected by 41 governments of the world in the last few years for the purpose of protecting their own markets against importation from foreign countries have undoubtedly been one of the major causes in the present stagnation of trade. The second and perhaps the most fundamental cause is the depreciation in the currencies in most of the countries of the world as measured by the gold standard. This depreciation has had the same effect as a tariff wall, and in most cases has multiplied the effect of these walls. Even Great Britain's currency since she went off the gold-standard basis has depreciated over 30 percent. The currencies of other countries have depreciated very much more. Great Britain today in purchasing our products must buy our gold exchange with her depreciated currency and then pay our gold-standard price for our products. She can buy much more of the same products in countries where currency has depreciated as much or to a greater extent than has hers.

It seems to me inevitable that we will be isolated from world trade unless we lower the value as related to gold of our own currency or that the other countries of the world formerly on the gold standard restore their currencies to their normal value in relation to ours. We do not desire, if it may be prevented, to lower the standard of value of our currency. It would have a disrupting effect upon our economic system and upon many of our financial obligations and institutions.

The difficulty of other governments returning to the gold standard is obvious. What aid our Government may give them is not clear. The United States and France have nearly three fourths of the monetary gold of the world. The problem of the redistribution of this gold in the immediate future at least appears almost insurmountable, and yet those governments that have gone off the gold standard cannot return to the gold standard until the normal distribution of gold throughout the world has been restored. I do not propose today to discuss the solution of this problem.

There is another money-exchange problem that is destroying our export trade. I refer to the problem involved in the tremendous depreciation of the price of silver and its consequent effect upon the purchasing power of those people of the world who use silver as their standard of currency. Over half the people of the world have no money save silver money. They have never used any other kind of money. To them it is money—good money that maintains its par value within their own country.

In discussing the silver problem I cannot too strongly emphasize the fact that I am discussing it not as a commodity but as money, and by money I cannot too strongly insist that what I mean is whatever is used as the means of payment, whether it be gold, silver, paper, checks, or anything else which is accepted as a means whereby a payment can be made. Silver as a commodity has had a larger fall than the average commodity. If, however, it were merely a commodity, there would be no more excuse for raising its price than for any other commodity of equal importance, and its importance as a commodity is not great any more than the importance of gold as a commodity is great. When, however, you consider it as a means of payment its importance becomes very great. As many people in the world use it as money as use gold or the currencies attached to gold, and as to the silver-using countries, their money has depreciated in terms of gold more than 60 percent since 1929. By raising the price of silver to a normal figure you will do more than any other one thing to increase the purchasing power of the world. Increased purchasing power means increased demand, and increased demand means raising commodity prices.

I wish briefly to outline what has actually happened as a result of the abnormal decrease in the purchasing power of silver and to show by the facts in connection with the supply and demand of silver how the very moderate plan which I propose can remedy this situation.

CHINA'S FOREIGN TRADE IN THE SILVER MARKET

Take China as an illustration. The currency of China is based on the silver standard. So far as the internal trade and business of China is concerned, the fluctuation in the price of silver in terms of gold has a negligible effect, but when it comes to purchases by China abroad from countries whose currencies are attached to the gold standard the price of silver has a marked effect, and the recent drastic decline in the price of silver from around 65 cents an ounce in 1926 to 27 cents an ounce at the present time has had a profound effect. Its effect is not only injurious to the present trade of China, but is even more alarming when viewed from a long-term trend. Let me briefly point out these effects. First, from the point of view of prophecies made of the inevitable effect of the drastic decline in silver which has occurred by those best qualified to judge of the probable effect; second, by presenting to you the actual results which have occurred from this decline in the price of silver; and, third, to outline the beneficial effects which will result from a rise in the price of silver to its normal ratio with the currencies of the other countries of the world.

The Secretary of State for Foreign Affairs and president of the Board of Trade of Great Britain appointed on March 18, 1930, the British Economic Mission to the Far East to inquire into the present condition of British trade with China and Japan and to report what action should be taken to develop and increase that trade. Mr. Ernest Thompson was appointed as chairman of the mission. The mission left London in September 1930 and returned to London in April of 1931, and during this time they made an exhaustive investigation of the trade situation in both Japan and China at a cost to the British Government of some £60,000. Their report, in dealing with the silver question, makes the following statements:

"At page 111, section 232:

"'The silver question: There exists in China today one outstanding problem which faces all nations desirous of selling their goods in the China market. The deplorably low silver values and the consequently much-reduced buying of the vast populace are factors contributing to restrict the increase of imports into China from foreign countries. Finding it increasingly difficult to buy (for payment in gold) goods from abroad, China will be driven to discover ways and means of producing her own requirements. Should she continue to remain on a greatly depreciated silver basis for some years it is obvious that she will of necessity not only quickly enlarge her industrial capacity and manufacture goods now made in foreign countries but will be able to export many of such goods to markets abroad now being served by Great Britain.' * * *

"And at page 127, section 302:

"'The continued depreciation of the value of silver has enormously reduced the purchasing power of China, and if it continues will hasten the growth of industries in China, the manufactures of which will compete with imported products from Great Britain. Reduction in the value of silver also increases the difficulties of China in meeting interest on foreign loans and so compels her to raise further revenue by increasing import duties. If the depreciation of silver were to affect the foreign-loan service, much damage would be inflicted on British interests.'

"303. 'In our opinion, every means should be sought of bringing about the stabilization of silver and so of restoring to China her full purchasing power.'"

On September 22, 1931, the China Association of Great Britain, under the chairmanship of Sir Robert Horne, formerly Chancellor of the Exchequer, adopted the following resolution:

"That this meeting states its conviction that the raising of the price of silver and its restoration to a place in the world's monetary system offers the quickest and most effective remedy to the present disastrous fall in prices, and expresses the hope that the governments principally concerned will at the earliest possible moment confer with this object in view."

In 1926 Mr. Montagu Norman, governor, and Sir Charles Addis, a member of the court, of the Bank of England, and certainly among the greatest authorities in the world today on currency questions, gave the following joint evidence:

"I think that one has to bear in mind the interaction between gold and silver prices. There is a reaction upon gold when an extreme fall or rise takes place in the value of silver, which is none the less serious, because it is indirect and not very apparent on the surface. The consequential changes in the price generally and in trade conditions which would be produced, the disturbance to the world's peace and confidence, the interference with the long-established social habits of the people of India in the use of silver, the shock to the reliance of a great country like China upon silver as a medium of currency and a common store of value could not fail to have important effects upon the gold prices of countries in Europe and, indeed, in America."

Now, let us analyze briefly what has happened to the import trade of China since the occurrence of the drastic decline in the price of silver, and to its industrial development. In 1928, 30.5 percent of the exports of the United States to China consisted of crude materials, 10.1 percent consisted of foodstuffs, 12.1 percent consisted of semimanufactured goods, 47.8 percent consisted of finished manufactured goods. In 1931, 49 percent of the imports consisted of crude materials, 13.9 percent consisted of foodstuffs, 10.7 percent of semimanufactured goods, and 26.4 percent of finished manufactured goods. The purchases of China from the United States of raw materials actually increased, while the purchase of finished manufactured goods were cut approximately in half.

This situation is still more strikingly shown by the report of China's import trade with the principal countries of the world. The decline of total imports from 1928 to 1931 was 45 percent. The decline in raw products and foodstuffs, however, was only 12 percent, while the decline in semimanufactured and manufactured articles was 55 percent. The significance of these figures is shown by an analysis by economic classes of the export trade of the United States to the whole of Europe. In 1928, 37.9 percent of the exports from the United States to Europe consisted of crude materials, 18 percent of foodstuffs, 14.8 percent of semimanufactured goods, and 29.2 percent of finished manufactures. In 1931, 25.5 percent of our exports were crude materials, 20.2 percent were foodstuffs, 13.4 percent were semimanufactured goods, and 40.9 percent were finished manufactured goods.

In other words, the percentage of our total sales to China consisting of crude materials has increased during this period, and the principal decline has been in manufactured goods, while the contrary is true of our trade with Europe, where the percentage of crude materials has declined and the percentage of manufactured goods has increased. This can perhaps best be shown by examining a three-cornered transaction. For many years Great Britain has had a large business in the sale of cotton piece goods to China and the United States has had a large business in the sale of raw cotton to England. Let us examine what has happened to this three-cornered trade. In 1928 Great Britain sold 153,399,100 square yards of cotton piece goods to China. In 1931 she sold 41,553,400 square yards, less than one third of her sales in 1928. In 1928 England bought 1,997,000 bales of cotton from the United States and in 1931 she bought 899,000 bales of cotton from the United States, a drop of more than 50 percent. In 1928 China purchased 170,000 bales of cotton from the United States and in 1931 she purchased 880,000 bales of cotton from the United States.

What is the significance of these figures? The reports of our trade commissioners to China are full of it. Throughout these reports are constant references to the declining imports, especially of manufactured goods, by China and a marked increase in the industrial development in China. The reason is simple. The purchasing power of a silver dollar in China has remained constant—increasing, if anything—so far as China is concerned, while, on the other hand, the purchasing power in terms of foreign merchandise has declined, decreasing to 40 percent of its 1926 level. The result is inevitable. China is buying where she can buy most cheaply, and that is at home; and to supply her requirements she has gone into industrial development, which is already seriously crippling our sales to China and which, if continued for a substantial length of time, will not only provide all of her requirements but constitute the most destructive competition for the rest of the world that the world has ever known. Our labor costs, to meet this competition, will be forced to the level of labor costs in China.

This situation has been aggravated in the fact that, as her foreign indebtedness is in gold and her normal income is in silver, the Government has been forced to place its import duties on a gold basis to provide sufficient revenue for loan service, thus increasing the barrier and raising the cost of foreign goods in China.

I quote the following extracts from reports of the Department of Commerce. On January 1, 1932, the China Monthly Trade Report says:

"China's industries enjoyed greater prosperity generally than in numerous years past. Increased import tariffs put into effect early in the year and low silver exchange, coupled with comparatively peaceful conditions, were the principal favorable factors. * * *"

Again, Mr. J. J. Ehrhardt, Chinese trade commissioner of the Department of Commerce, reporting in 1932, says:

"Increased import tariffs and low silver exchange have had an enormous effect on recent industrial expansion. * * *

"While the expansion of native industry has had the effect of decreasing the value of many manufactured imports, it has, at the same time, increased considerably the demand for many raw products. American exporters of manufactured articles have found it necessary to establish branch factories in the port cities in order to hold the market. These in most cases are only for the partial manufacture and assembly of goods but undoubtedly will eventually expand to the extent of manufacturing almost entirely within the country. While America has participated only to a small extent in branch factories in China, other nationalities, especially Japan, have come in in considerably greater volume. Japanese and British establishments now predominate. Commodities now being manufactured in port cities of China include such items as batteries and flashlights; electrical equipment, such as telephones, transformers, electrical fittings, and appliances; radio equipment, textile machinery, steel sash, and, recently, railway cars."

The American consulate general at Shanghai on October 4, 1932, reported as follows:

"Spindles in 1915, 1,008,986; in 1932, about 4,900,000. Looms in 1915 amounted to 4,564 and in 1932 to 44,000. Cotton mills in China in 1913 numbered 31, and in 1932, 127. In 1925 there were 719,000,000 pounds of cotton yarn and 120,000,000 yards of cotton cloth produced, which by 1932 had risen to 960,000,000 pounds of cotton yarn and 810,000,000 yards of cloth."

Not only this, but the same report shows that China is proceeding to supply its own raw materials, as no less than 6,000,000 acres have been planted to cotton in 1932.

I could extend these extracts indefinitely, but they would only be additional proof of the uncontrovertible fact that the drastic drop in the price of silver has not only had the immediate effect of a great loss in current trade with China but, what is even a more disastrous tendency to the western world, of enormously expanding industrial development of the country, which, if continued, will make China not only self-sustaining but the most devastating competitor that we have ever known in the neutral markets of the world.

A rise in the price of silver decreases the cost of foreign merchandise in China as compared to local merchandise, and must inevitably stimulate purchases from abroad with a resulting beneficial effect on the general level of prices. A rising price of silver increases the local costs in China and must inevitably result in checking artificial industrial development in that country. A rising price of silver strengthens the position of the Chinese Government in lessening the burden of their foreign-debt service and creating the possibility of foreign loans. All of these results are highly desirable from our point of view and must inevitably have a tendency to improve the world price level.

The same condition which I have outlined in connection with China applies to every country when the ultimate purchaser must pay for our products in silver. Take India for example: It is true that the British Government has taken steps whereby the Indian silver rupee has been placed on a sterling exchange basis, but a comparatively small percentage of the monetary wealth of the Indian people is in the silver rupee. Since time immemorial the savings of the people of India have been represented by gold and silver bullion. It is estimated that 4¼ billion ounces of silver is held by the people of India as their hoarded wealth. The recent drop in the price of silver has decreased the purchasing power of this hoarded wealth of India in terms of gold by $1,615,000,000. Economists will tell you that the purchasing power of the people of a country is dependent upon the amount of their sales. This may be true as to current transactions, but completely ignores savings, and the principal purpose of savings is to enable people to retain their purchasing power during periods of temporary depression. Certainly, to cut the savings of a nation 60 percent in value is to curtail by 60 percent the purchasing power represented by these savings.

In addition to these direct results a chain of additional results has followed in the wake of the present drastic drop in the price of silver. It has had the effect of destroying the confidence of people in silver as a currency. Indo-China and Siam have abandoned the silver standard and attached their currencies to gold. This has created an additional burden on our gold supply, admittedly none too large for the requirements of the countries previously on the gold standard.

All the world understands the injurious effects which have resulted from the depreciation of gold currencies. It cannot be successfully gainsaid (?) that every one of these injurious effects followed and are identically the same in the case of the depreciation in the value of silver in silver-using countries as the effect of the depreciation in the value of gold currencies in gold-standard countries.

THE CAUSES FOR THE DROP IN THE PRICE OF SILVER

Let us consider the chief causes of the depreciation of the price of silver. It has not been due to overproduction, because the production of silver during this period has decreased from 260,970,029 ounces throughout the world in 1929 to 160,600,000 ounces in 1932. In fact, so far as the question of mine production of silver is concerned, as over 70 percent of the silver produced in the world is produced as a by-product of other metals, the natural tendency of production is to shrink with declining prices and increase with rising prices so as to provide the natural stabilizing effect. While it has not been due to overproduction, it has been due to oversupply—actual and potential. First, Great Britain, France, and Belgium, after the war, started debasing their silver coins and throwing the residue of silver on the markets of the world. This caused an oversupply by the normal demand for silver. Then in 1928 the British Government for India commenced to melt up its silver rupee coins that were in the treasury and to dispose of the metal as bullion on the world's market. Over 500,000,000 ounces of silver have been dumped on the markets of the world from such sources since 1924.

The Treasury of India was authorized to melt up any quantity of silver coins and sell them in any quantities, at any time and at any price. This sale of silver commenced in 1927 and has continued. It has not only created an oversupply with all its bearing effects, but the maintenance of this policy, the threat that accompanies it and the large supply of silver still available for such purposes has undermined confidence as to any stable value in the price of silver. I present herewith the table appearing on page 1839, giving the world production of silver from 1919 to 1932, and showing the supply of silver thrown on the markets of the world during this period through the debasement of currencies. The significant fact about this table, as I have already indicated, is the constancy in the mining supply of silver and the fact that the oversupply with its resulting depressing influence on the price of silver, has been exclusively an artificial one. The world has been called upon to absorb the purely artificial and abnormal supply of nearly 550,000,000 ounces of silver in this way. The redeeming feature of this situation is that this artificial supply of silver is, except in the case of the Indian Government, largely exhausted and, in fact, the tendency has been reversed and the European governments are now purchasing silver and reintroducing silver subsidiary coinage.

The Committee on Coinage, Weights, and Measures of the House has recently conducted exhaustive hearings on the question of the supply and demand of silver, the testimony introduced before the House committee proving the following: That the only large government supply of silver hanging over the market is that held by the British Government for India. After including this supply an increase in the price of silver to 50 cents an ounce will probably bring out not more than 350,000,000 ounces of silver as a general market supply, with the probabilities that any definite step taken to raise the price of silver to its normal and natural level would so stimulate the demand as to absorb a large proportion of this amount in the normal channels of trade.

Since the discovery of America in 1492, the production of silver as compared to gold has been 13.925 ounces of silver for each ounce of gold. For reasons I have shown, the supply of silver is not elastic and an increase in price carries no threat of large increased production.

REMONETIZATION AND STABILIZATION OF SILVER WITHOUT DISTURBING GOLD STANDARD

Statement by Hon. KEY PITTMAN, United States Senator from Nevada, before the Committee on Coinage, Weights, and Measures of the House of Representatives on Feb. 2, 1933

Mr. Chairman, I have the honor and pleasure to be before your committee upon your invitation, to discuss legislation touching the world silver problem.

The traditions, habits, and conceptions of peoples developed throughout the ages cannot be changed—except possibly through long periods of evolution—by legislation. The money and the currencies based thereon of all civilized nations is now, and, since money has been used has been, gold and silver. Gold and silver were first used as an aid to and instrumentality in barter and trade. The ancient farmer discovered that a piece of silver of a certain size offered him in payment for a cow would be accepted in exchange for a horse. So the farmer accepted the piece of silver.

Laws did not make money of gold and silver. They were money before monetary laws were ever enacted. Laws were but declaratory for and served to fix the metal contents of coins for convenience in trade and the payment of debts. Gold and silver, whether in the form of bullion or coin, are and for ages have been accepted in exchange for goods throughout the world. There are sound reasons why such metals were accepted as mediums of exchange. These metals were found substantially everywhere, yet in all places they were scarce. Their production, while slow, was continuous and uniform. The ratio of the production of such metals was not only uniform but substantially certain. Since the beginning of time, as far as information can be obtained, there has not been produced throughout the world on the average more than 15 ounces of silver to 1 ounce of gold. During 1932 there were less than 13 ounces of silver produced to 1 ounce of gold throughout the world. This uniformity of

World's production and consumption of silver from 1919 to 1932, both inclusive

[In fine ounces]

PRODUCTION

Country	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932
United States	56, 682, 445	55, 361, 573	53, 052, 441	56, 212, 054	73, 295, 810	65, 366, 840	66, 106, 922	62, 672, 952	60, 394, 199	58, 426, 004	61, 233, 321	50, 627, 243	30, 822, 042	23, 400, 000
Canada	16, 020, 657	12, 793, 541	13, 134, 926	18, 581, 439	17, 754, 706	19, 726, 323	20, 228, 988	22, 371, 934	22, 736, 698	21, 936, 407	23, 143, 261	26, 435, 936	20, 558, 216	18, 300, 000
Mexico	65, 904, 224	66, 662, 253	64, 465, 347	81, 076, 899	90, 859, 083	91, 486, 136	92, 885, 465	98, 291, 466	104, 573, 919	108, 537, 307	108, 871, 442	105, 410, 912	86, 064, 457	71, 700, 000
Oceania	7, 187, 919	2, 684, 910	5, 362, 247	11, 484, 904	13, 818, 701	10, 769, 882	11, 114, 648	11, 225, 360	10, 309, 297	10, 304, 420	9, 926, 092	10, 164, 996	8, 679, 097	
Total 4 countries	145, 795, 245	137, 502, 277	136, 014, 861	167, 355, 296	195, 728, 300	187, 359, 181	190, 336, 023	194, 561, 403	198, 014, 113	199, 204, 138	203, 174, 116	192, 639, 086	146, 123, 811	
Central America and West Indies	2, 800, 000	2, 700, 000	2, 000, 000	2, 000, 000	2, 500, 000	2, 686, 150	2, 700, 935	3, 499, 198	3, 154, , 021	2, 558, 548	3, 000, 000	3, 900, 000	4, 000, 000	
South America	14, 753, 160	14, 587, 738	15, 614, 200	21, 395, 008	27, 323, 000	27, 065, 296	27, 630, 101	30, 463, 552	26, 859, 042	28, 883, 310	26, 843, 880	23, 536, 698	15, 266, 631	12, 400, 000
Europe	3, 599, 320	8, 371, 609	7, 774, 338	8, 342, 268	8, 647, 034	9, 421, 561	11, 064, 488	11, 404, 640	10, 933, 682	11, 250, 702	11, 490, 315	12, 064, 991	12, 927, 567	
Asia	8, 240, 185	8, 867, 286	8, 870, 167	9, 402, 869	10, 239, 894	11, 153, 562	12, 337, 441	12, 510, 155	13, 275, 236	15, 080, 065	15, 388, 715	15, 262, 270	12, 831, 818	
Africa	891, 304	1, 231, 670	1, 011, 876	9, 402, 869	1, 544, 233	1, 798, 953	1, 418, 619	1, 270, 623	1, 274, 033	1, 265, 411	1, 312, 616	1, 305, 381	1, 560, 050	
Total														34, 800, 000
World production	176, 459, 609	173, 260, 580	171, 285, 542	209, 815, 448	246, 009, 534	239, 484, 703	245, 213, 993	253, 795, 166	253, 981, 085	257, 985, 154	260, 970, 029	278, 708, 426	192, 709, 971	160, 600, 000
SOLD BY GOVERNMENTS FROM SILVER FORMERLY USED AS CURRENCY														
England			6, 500, 000	24, 000, 000	25, 000, 000	2, 000, 000	7, 000, 000	700, 000	1, 200, 000	5, 500, 000	10, 000, 000			
France								7, 000, 000	8, 000, 000	19, 000, 000	10, 000, 000	22, 000, 000		
Germany			8, 000, 000											
Belgium										13, 000, 000				
Continent (various)		27, 000, 000	22, 000, 000	19, 000, 000										
Russia														11, 600, 000
Continent (mostly Austria and Russia)					20, 000, 000									
Continent (more than half from Russia and Portugal)						18, 000, 000								
Continent (various, plus West Africa and Egypt)							23, 000, 000							
Egypt													2, 900, 000	24, 000, 000
Indian Government sales									9, 200, 000	22, 500, 000	35, 000, 000	29, 500, 000	35, 000, 000	10, 000, 000
Indo-China											12, 000, 000	20, 000, 000	6, 400, 000	
Siam													20, 000, 000	
Mexico													4, 200, 000	
Near East														1, 000, 000
Total other supplies		27, 000, 000	36, 500, 000	43, 000, 000	45, 000, 000	20, 000, 000	30, 000, 000	7, 700, 000	18, 400, 000	60, 000, 000	67, 000, 000	71, 500, 000	68, 500, 000	46, 600, 000
Total silver offered on market		200, 260, 580	207, 785, 542	252, 815, 448	291, 009, 534	259, 500, 000	275, 200, 000	261, 500, 000	272, 400, 000	317, 900, 000	327, 900, 000	318, 300, 000	262, 300, 000	207, 200, 000

production and ratio facilitated the use of both metals in trade and in the exchange of such metals. There was a natural ratio between such metals based upon equal demand and relative supply. Laws did not make gold and silver money, but laws decrease the demand for silver through restricting its use as money. This, of course, decreases its relative value. What I seek is first to remove or neutralize these restrictions so as to restore the normal law of supply and demand.

In the last 15 years the price of silver has fluctuated from $1.39 an ounce to 25 cents an ounce. The question naturally is asked, Why restore silver money to its fullest use and former exchange value with gold and prevent such wide fluctuations? The reasons that actuate me are these, namely:

1. Gold or silver is the measure of value of the currencies of all civilized governments whether those metals be in possession or in expectancy.

2. There are only about 12½ billion dollars' worth of monetary gold known to be in existence. It is estimated that there is three times this amount of currency outstanding resting on and redeemable by this gold base. This is exclusive of the bonds, notes, contracts, and all other obligations payable in gold, which amount to many times this figure. It is generally admitted that the monetary stock of gold is now, or will in the reasonably near future, be insufficient as a base for the world's monetary requirements. This burden upon gold is accentuated by lack of confidence in ability to redeem gold currencies and obligations and the knowledge of the maldistribution of gold, and the requirements of the payment of international war debts in gold, and incidentally hoarding of gold by governments and individuals.

3. There are only approximately 11,000,000,000 ounces of silver available in the world for monetary purposes. Of this conservative estimate of 11,000,000,000 ounces probably 7,000,000,000 are permanently locked up in the hordes of India and China. If all this silver were used as a base for silver currencies and as a supplement for currencies based upon gold, whether used in international trade or exclusively for domestic purposes, it could not possibly increase the basic money of the world over $12,000,000,000 even if the parity of such basic silver money were restored to a parity with gold based upon the relative production of gold and silver.

4. It is now, and for ages has been, the measure of values and the wealth reserve of over half of the people of the world.

5. The depreciation in the value of silver has pro tanto depreciated the value of the money of silver-using countries in the exchange of their money for gold-standard moneys for the purchase of products in gold-standard countries.

6. This depreciation with regard to the money of silver-using countries has had the same effect upon our trade and commerce as with countries formerly on the gold standard that have gone off the gold standard and now have a depreciated currency as measured by gold.

7. We understand this effect upon our foreign trade with countries formerly on the gold-standard basis. The same condition now exists, and has existed since 1928, relative to our trade with countries whose ultimate purchasers pay for our products in silver.

8. Depreciated currencies—and I mean depreciated currencies in international trade, because it is only there that it is measured by the gold standard—have raised a wall against our exports and proportionately reduced our tariff protection against such countries of depreciated currency to substantially the amount of depreciation.

9. We are becoming isolated from world trade. Our surpluses are thrown on the domestic market, creating oversupply and a constant depreciation of commodity prices. This result is destructive not only of our foreign and domestic market but the maintenance of stable governments in silver-money-using countries. It forces their people to an industrialization destructive of our market for manufactured products in such countries. In substantiation of this statement, I call attention to the records of our Department of Commerce and reports of our officials.

10. The depreciation of the capacity of silver-money-using peoples to purchase our goods, produced and sold on the higher gold standard, has almost extinguished some of our greatest potential markets.

11. We are forced to the alternative of lowering our money measure of values or of raising the money measure of values of our foreign customers.

12. The destruction of the monetary value of silver in international trade will tend to force all countries ultimately upon the gold standard, and thus place a greater strain upon gold as the monetary base.

I have outlined—hastily, I must admit—some of the reasons that impel me to seek the remonetization or at least the restoration and stabilization of the value of silver. This determination is not new on my part. I have been working to this end 2 or 3 years. The action of the United States Senate convinces me that it agrees with such necessity whether it agrees with the means suggested or not.

In February 1931, the United States Senate adopted uanimously a resolution introduced by me requesting the President to call an international conference for the purpose of the removal of restrictions to a higher use of silver as money. The Chief Executive did not call such a conference.

I sought, then, to accomplish something by the action of our own Government. I introduced in the Senate a bill, the substance of which is now under consideration by your committee, in the form of a bill introduced in the House by Congressman McKEOWN, of Oklahoma, and referred to your committee, directing the Treasury Department to accept tenders of silver produced in the United States and to pay therefor in silver certificates to be issued by our Government at the market price of silver, such price to be determined by the Treasury Department as of the date of tender. From the silver so purchased a standard silver dollar is to be coined, to be held in the Treasury for the redemption of each dollar silver certificate issued for the purchase of such silver.

There would, of course, be a surplus of bullion remaining in the Treasury. At the present market price the Treasury Department would purchase nearly 4 ounces of silver for a $1 silver certificate. As it only requires about seventy-eight one-hundredths of an ounce of silver to manufacture a silver dollar, there would remain a surplus of approximately 3.22 ounces of such silver in the Treasury in addition to such standard silver dollar so purchased by the dollar certificate. This surplus silver is to remain in the Treasury as additional security against any depreciation in the value of the silver certificate. This additional security, in my opinion, is unnecessary, but it satisfies the fear of those who are constantly uneasy with regard to the depreciation of our currencies. There are now in circulation in the United States nearly $500,000,000 in dollar certificates issued under similar laws, and these certificates have not during this century suffered any threat of depreciation.

I must confess that this act will not result in any material expansion in our currency. Such is not the intent of the act. The purpose of the act is to have our Government do something that seems necessary that individuals cannot do. The act will result in the reduction of the world's supply of silver on the market of the world for a period of 5 years. There is an oversupply of silver on the market. This word "oversupply" must be distinguished from "overproduction." There is no overproduction of silver. When I say production I mean mine production. When I say supply I mean silver thrown on the market of the world derived from all sources, including the debasing and melting up of silver coins in various countries.

For instance, in 1929 the world production of silver was 261,511,985 ounces. In 1931 it was 192,709,971 ounces. For 1932, based on estimates, it was approximately 160,000,000 ounces. But the total supply in 1929 was 328,511,985 ounces and in 1931 it was 255,266,700 ounces. The supply over production was derived from the melting up of silver coins in India and the selling of the metal on the markets of the world. This oversupply, coming from an unnatural source, had the natural effect of beating down the price of silver.

There was an even greater effect than in selling this silver, and that was the authority of the secretary of the treasury for India to sell any quantity of such silver at any time and at any price, while at the same time he had a supply on hand of such silver equal to the world's production for approximately 2 years. In other words, in 1928, when India started to sell silver from melted coins, it had approximately 400,000,000 ounces of silver in such form in its treasury. Today, after selling approximately 140,000,000 ounces of such silver, it has around 400,000,000 ounces of silver still available in the treasury for such sale. This is due to accretions in the treasury from general circulation. According to reports from India, such sales are continuing, notwithstanding the abnormal low price of silver. There is no indication that such sales will cease.

It is futile to discuss here the causes that have and now actuate the British Government for India in the initiation and continuance of such policy. The fact is it has been destructive to the exchange value of the silver moneys of such silver-using countries as China, and has destroyed the export trade to all those countries from countries on the gold standard, such as the United States.

The question was and is, What can we do about it? The British industrialists have protested against the policy. It is protested against by the president of the Imperial Bank of India and by the Indian people. These protests have been of no avail.

Sir George Shuster, the Treasurer for India, who seems to have arbitrary powers in the matter, has demanded that silver producers reduce their production. He is still as ignorant of the facts with regard to the production and consumption of silver as he was when he inaugurated the destructive Indian policy. He did not know then—and apparently he does not know now—that 70 percent of the silver production of the world is a by-product in the production of other metals, such as gold, copper, lead, and zinc, and that so long as there is a market for such metals they will be produced, and, of course, silver will be produced as a by-product. He did not know—and he probably does not know now—that the maximum production of silver in the world for all time was only 260,000,000 ounces in a year. He does not know that there was only a normal increase in the consumption of silver, which was accurately measured by the normal increase in production. He does not remember that when, during the war, a crisis arose by reason of the inability of the British Government for India to obtain silver for the redemption of their silver rupee notes that the only available surplus of silver in the world that could be found were the standard silver dollars in the Treasury of the United States, and that we had to take those silver dollars out of the Treasury and supply them to meet such demand. Such ignorance is not subject to criticism, for it is general, nor are my statements intended as a criticism.

A majority of our economists and financiers hold to the myth that silver can be supplied without limit. They know nothing of the statistics of the production and consumption of silver throughout the ages.

I beg you to pardon me, Mr. Chairman, for diverting from my subject. Sir George Shuster has demanded that the producers of silver reduce their production. This cannot be accomplished for the reasons I have stated.

Our Government, however, can take off the market the annual production of the United States for the period of 5 years, as provided in my bill. This will, to a certain extent, comply with the arbitrary demands of Sir George Shuster, and will, to a certain extent, neutralize the oversupply that he insists must be thrown on the market of the world.

Let me explain this: Sir George Shuster desires to sell silver derived from such melted coins—from 30 to 50 million ounces of silver a year. The United States produced in 1932 only 24,000,000 ounces. The most it has ever produced is 61,000,000 ounces. That was during the great peak production of copper, lead, and zinc in this country. The withdrawal of silver from the market of the world through the process of my bill will neutralize, to a certain extent, the oversupply derived from the melting up of Indian coins. If the Governments of Canada and Mexico should follow a similar procedure, then all of the sale from India would be neutralized and the law of supply and demand, based upon mine production and normal purchases, could be maintained and silver would return to the normal price of around 60 cents an ounce.

Now let me cite to you some of the objections made to this bill of mine by the Secretary of the Treasury, Mr. Ogden Mills.

In the first place, he contends that if I seek expansion of currency my plan will not result in any material expansion. He is right in that, because it would only take about $6,000,000 in silver certificates to purchase all the silver produced in the United States for 1932.

He doubts whether it would aid the mining industry. It is true that the producer of silver would get no more money for his silver from the Treasury than he would obtain anywhere else in the world, because the market price of silver is the same throughout the world, being fixed by four brokers in London every morning. The miner, however, would be helped by being able to sell to the Government and thus reduce the oversupply of the world, caused by the action of the British Government for India; and, of course, the neutralization of the silver supply would tend to restore silver to its normal price of between 60 and 65 cents an ounce. In that manner the silver producer would be benefited. That, however, is a small part of the benefits to be derived from the act. What I seek is to restore the purchasing power of the depreciated currencies of China and other silver-using countries, as all of us seek to restore the normal value of the depreciated currencies of those countries that have gone off the gold standard. This will help in the purchase of the world's surplus production, thus lifting it off the world's domestic markets and thereby increasing commodity and property prices, which, in my opinion, is the essential thing to the return of universal prosperity.

The Secretary of the Treasury, in his correspondence with me, contends that silver is only a commodity and that there is no more reason why the Government should buy silver than it should buy any other commodity. He forgets that silver is not as much a commodity as gold. He forgets that four fifths of the silver now being produced, and that ever has been produced, has been used for monetary purposes, while only half of the gold ever produced has been used for monetary purposes. He forgets that over half the people of the world use silver as money in their own countries, and that they cannot use it as money in exchange for our money, with which to buy our products, because we value gold so high and silver so low. He suggests that the time might come when there would be an overbalancing of silver currencies as against currencies based on gold.

No one expects there will be much increase in the silver production of the United States in the next few years. It is now 24,000,000 ounces annually. Its maximum was 60,000,000 ounces. The purchases only exist for 5 years. If the average during that period was 45,000,000 ounces per annum, it would only mean 225,000,000 ounces. At the present price of silver it would be less than $60,000,000 in silver certificate issues. Even with this issue added to our present issue of silver in silver certificates, the proportion of silver issues as against gold issues in our country would be far less than they were in 1913.

The question is, Why do I support this bill, which has negligible power for currency expansion, against other silver bills which have greater power of currency expansion?

The first reason is that I am directly interested in obtaining a market for the surplus production of our country through the restoration of our export trade.

The second reason is that there may be other methods of expansion within our present monetary system, and the third reason is that my bill is the only bill of the many introduced in the United States Senate that has received a favorable report from any committee.

I realize that there are two principles involved in legislation. One of them is to take nothing less than what you think is right, and the other is to compromise upon the best you can obtain if it constitutes an advance. My bill, in my opinion—and I am only using my judgment as a legislator—is the most that can be obtained through congressional legislation in the near future, and certainly we are faced with an emergency that requires expeditious action. Other advances may be made in the future, but I doubt if any further advance can be made at the present. I have voted against more far-reaching silver measures because I knew that the advocacy of such measures was futile—yes; even more than futile. It would confuse the minds of legislators and arouse the suspicion of an intent to attack our present gold-standard monetary system.

I have no intention of undermining, weakening, or destroying our present gold-standard monetary system. I do not think that it is at all necessary to the remonetization, the restoration to parity with gold, and the stabilization of silver prices. Gold today measures the international value of every currency in the world, whether it be the pound sterling or the Chinese dollar. I am speaking of the value of money in the purchase of goods in other countries. The Chinese dollar has a par value in China and in purchasing goods in the United States it has only a value of 20 cents. Gold is accepted throughout the world today as the measure of the value of money in international trade. It has existed for 60 years at least. It would be difficult to change it by legislation. Nothing would be accomplished by changing it through legislation.

What we seek is to have other measures of value conform to the gold measure. That is what we have done and are now doing in the United States. We have more silver in circulation in the United States and silver currency than any other country of the world outside of China and India. One twelfth of our currency is silver currency. Our dollar is worth $1.29 an ounce in gold. The same size silver dollar in China is worth 20 cents in our gold. There is only approximately 20 cents' worth of silver in our silver dollar, measured by the market price of silver, and yet 10 of our standard silver dollars readily exchange for $10 in gold, which makes the price of the silver in the silver dollar $1.29 an ounce. If every great commercial country in the world had the same system, there would be no question about the parity of silver with gold, and that would be on the natural parity of 16 to 1. In that event the Chinese would not have to pay $3,000 for an automobile through the process of exchanging their money for gold, but would exchange their silver dollar for a dollar of our gold, and would only have to pay $600 for an automobile.

I came here at your invitation to discuss the reasons for my bill. I beg your pardon for having diverged onto the general silver problem. I am not here to oppose any other bill that has been introduced. I seek only that which may possibly become law without delay.

I am satisfied that purchasing power must be increased, not only in our own country but throughout the world, before prosperity can possibly return. I do not believe that purchasing power can be increased until a larger quantity of sound money can be made available for those who must purchase money with goods and property. I do not claim that the expansion of available money through the restoration of the purchasing power of silver is a panacea for all of our ills. I am convinced, however, after a long study of the situation that such restoration would instantly increase purchases in our country, reduce our surplus of production, and thus increase our purchasing power, increase the capacity of our manufacturing institutions and the employment of our laborers. I cannot content myself with the policy now indulged in by some of our statesmen that the only remedy is liquidation, liquidation, further and further liquidation.

I have no confidence in the theory that the depression has flattened out. I admit that it has been retarded. This frequently happens just before death. I admit that our airplane of finance spiraled too rapidly up into the stratosphere. We all know that it has been in a tail-spin, rapidly and dangerously approaching earth. The pilot may have gained some control, he may have flattened it out to some extent, but we know that the earth is close and that a crash will bring destruction and conflagration. It may be flattened out, but what obstacles are ahead of us in the fog we do not know. Isn't it time to pull back on the controls and elevate our financial plane so that it may assuredly and safely rise above all obstructions.

I ask leave to file with your committee as a part of my remarks the report of the Banking and Currency Committee of the United States Senate, in which it approved my silver purchase act, which in identical form is now under consideration by your committee as introduced by Congressman McKeown, of Oklahoma.

The PRESIDING OFFICER. The question is on the adoption of the amendment of the Senator from Montana [Mr. Wheeler] in the nature of a substitute for the amendment of the Senator from Louisiana [Mr. Long], on which the yeas and nays have been ordered.

Mr. ROBINSON of Arkansas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Byrd	Dill	Keyes
Ashurst	Byrnes	Duffy	King
Austin	Capper	Erickson	La Follette
Bailey	Caraway	Fletcher	Logan
Bankhead	Carey	Frazier	Lonergan
Barbour	Clark	Goldsborough	Long
Barkley	Connally	Gore	McCarran
Bone	Copeland	Hale	McGill
Borah	Costigan	Harrison	McKellar
Bratton	Couzens	Hayden	McNary
Brown	Cutting	Hebert	Metcalf
Bulkley	Dickinson	Kean	Murphy
Bulow	Dieterich	Kendrick	Neely

Norris	Robinson, Ind.	Thomas, Okla.	Wagner
Nye	Russell	Thomas, Utah	Walcott
Overton	Schall	Townsend	Walsh
Pope	Sheppard	Trammell	Wheeler
Reed	Shipstead	Tydings	White
Reynolds	Smith	Vandenberg	
Robinson, Ark.	Steiwer	Van Nuys	

Mr. ROBINSON of Arkansas. I desire to announce that the senior Senator from Nevada [Mr. PITTMAN] is necessarily absent on official business.

The PRESIDING OFFICER. Seventy-eight Senators having answered to their names, a quorum is present. The yeas and nays have been ordered on the pending question, which is on the adoption of the amendment of the Senator from Montana [Mr. WHEELER] in the nature of a substitute for the amendment of the Senator from Louisiana [Mr. LONG]. The clerk will call the roll.

Mr. NORRIS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. NORRIS. Are we to vote on the substitute or on the amendment.

The PRESIDING OFFICER. The question is on the amendment, in the nature of a substitute, offered by the Senator from Montana for the amendment of the Senator from Louisiana. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. LOGAN (when his named was called). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent on account of illness. If present, I understand he would vote "nay." If permitted to vote, I should vote "yea."

Mr. REYNOLDS (when his name was called). I have a general pair with the senior Senator from California [Mr. JOHNSON]. I am informed that if he were present, he would vote "nay." If at liberty to vote, I should vote "yea."

The roll call was concluded.

Mr. WAGNER (after having voted in the negative). I inquire if the senior Senator from Missouri [Mr. PATTERSON] has voted?

The PRESIDING OFFICER. That Senator has not voted.

Mr. WAGNER. I have a general pair with that Senator. I transfer the pair to the junior Senator from Mississippi [Mr. STEPHENS] and allow my vote to stand.

Mr. REYNOLDS. I transfer my pair with the senior Senator from California [Mr. JOHNSON] to the senior Senator from Illinois [Mr. LEWIS], and vote "yea."

Mr. HEBERT. I desire to announce that the Senator from Ohio [Mr. FESS] has a special pair on this question with the Senator from South Dakota [Mr. NORBECK]. If present, the Senator from Ohio [Mr. FESS] would vote "nay", and the Senator from South Dakota would vote "yea."

I also wish to announce that the Senator from Vermont [Mr. DALE] has a general pair with the junior Senator from Tennessee [Mr. BACHMAN], and that the Senator from Delaware [Mr. HASTINGS] has a general pair with the senior Senator from Georgia [Mr. GEORGE].

I am advised that, if present, the Senator from Missouri [Mr. PATTERSON] and the Senator from Delaware [Mr. HASTINGS] would vote "nay".

Mr. ROBINSON of Arkansas. Mr. President, I desire to announce the following special pair on this question: The Senator from Virginia [Mr. GLASS] with the Senator from Nevada [Mr. PITTMAN]. If present, the Senator from Virginia [Mr. GLASS] would vote "nay", and the Senator from Nevada [Mr. PITTMAN] would vote "yea."

I also desire to announce the necessary absence from the Senate of the Senator from Massachusetts [Mr. COOLIDGE]. If present, he would vote "nay."

I also desire to announce that the following Senators are necessarily detained from the Senate on official business: The Senator from Alabama [Mr. BLACK], the Senator from Georgia [Mr. GEORGE], the Senator from Virginia [Mr. GLASS], the Senator from Illinois [Mr. LEWIS], the Senator from California [Mr. McADOO], and the Senator from Mississippi [Mr. STEPHENS].

The result was announced—yeas 33, nays 44, as follows:

YEAS—33

Adams	Cutting	McGill	Shipstead
Ashurst	Dill	Murphy	Smith
Bone	Duffy	Neely	Thomas, Okla.
Bulow	Erickson	Norris	Thomas, Utah
Capper	Frazier	Nye	Trammell
Caraway	King	Overton	Wheeler
Clark	La Follette	Pope	
Costigan	Long	Reynolds	
Couzens	McCarran	Russell	

NAYS—44

Austin	Carey	Hebert	Schall
Bailey	Connally	Kean	Sheppard
Bankhead	Copeland	Kendrick	Steiwer
Barbour	Dickinson	Keyes	Townsend
Barkley	Dieterich	Lonergan	Tydings
Borah	Fletcher	McKellar	Vandenberg
Bratton	Goldsborough	McNary	Van Nuys
Brown	Gore	Metcalf	Wagner
Bulkley	Hale	Reed	Walcott
Byrd	Harrison	Robinson, Ark.	Walsh
Byrnes	Hayden	Robinson, Ind.	White

NOT VOTING—19

Bachman	Davis	Hatfield	Norbeck
Barkley	Fess	Johnson	Patterson
Black	George	Lewis	Pittman
Coolidge	Glass	Logan	Stephens
Dale	Hastings	McAdoo	

So Mr. WHEELER's amendment, in the nature of a substitute for Mr. LONG's amendment, was rejected.

Mr. SCHALL. Mr. President, the farm relief bill under discussion presents a program so involved and so speculative that I am constrained to urge this body to be reasonably certain that good is to come out of it before giving the bill approval. The Senate is fully informed as to the tragic conditions prevailing, both as to agriculture and the wage earners. Such conditions direct this body to minimize the elements of doubt in this bill, on the one hand, and, on the other hand, the inclusion in the measure of such reserve provisions as may some day be necessary for provident use against a calamitous situation.

Out of the hundred and one problems involved, I desire to address myself to just a few matters which are, to me, of much importance.

First. Reserve provisions.

Second. Acreage economy.

Third. Administration expense.

1. RESERVE PROVISIONS

Any important business has long since learned the necessity for creating and setting up provident reserves against unforeseen disaster. The same providence should be employed, as far as possible, in designing the gigantic plan now before us.

Speaking for wheat producers, I call your attention to the possibility of either an unbearable surplus of wheat or a serious shortage thereof. A huge surplus of wheat inevitably decreases the world price thereof and, in consequence, increases the tax rate per bushel which must be assessed to meet the promised result expected under this bill.

We should provide for disposition of our excessive surplus wheat on the world's market. That surplus would be encouraged by the use of the provision for paying the cost of production plus a reasonable profit for the portion used in domestic consumption. With the present program for national economy in the natural and former importing wheat countries, and which countries have created all sorts of artifices against importations of wheat, it must be apparent to a casual student of the question that our only hope for reacquiring a position enabling the exportation of our wheat depends upon a mutually satisfactory exchange of goods between a foreign nation and our own country. I commend to the attention of the chairman of the Agricultural Committee the responsibility of a further provision in this bill which would make it possible for those who are to bear the responsibility of administration to deal with an excessive and burdensome surplus of wheat. I suggest that it may be desirable—and I advocate it—that the Secretary of Agriculture may find it a reserve road against an otherwise calamitous situation if he may engage in a system of quotas, sharing with other exporting countries a reasonable share of the world's wheat market.

The unknown future may one day find us short of wheat supplies. Reserve legislation to protect the Nation against such a catastrophe is also commended to the attention of our chairman in charge of this bill. For the price and maintenance of two battleships, we could buy, warehouse, and preserve in dead storage such an amount of sound, storable, hard wheat as would not only protect food stores, on the one hand, but, further and important, the long-time program of impounding such wheat would remove such a weight from the present world's stock as to immediately upon the effectuation thereof be the cause of a substantial enhancement of the world price thereof.

Two hundred million bushels of wheat stored under such a declared policy and program would not cost as much money as may be imagined. Dead storage in the primary markets would be the cheapest storage built. Cheap labor, low taxes, cheap insurance, only watchman expense, would not exceed 2 cents per bushel per year, $4,000,000. The cost of dead storage for buildings and equipment suitable for the next 40 years would not exceed a capital cost of 5 cents per bushel; on 200,000,000 bushels this would be $10,000,000. The investment in wheat at the primary market would be at present prices about 35 cents per bushel, or $70,000,000. The enhancement of the price of wheat would be substantial and immediate, without all the roundhouse methods and admittedly costly program which is about to be adopted.

The cost of this character of undertaking would fall on the taxpayers who pay into the Federal Treasury—the same people who are paying the old $300,000,000 charity bill and are about to pay the new $500,000,000 charity bill. I urge the Senate to sanely and deliberately consider the wisdom of legislation in contemplation of reserve against depleted wheat stocks and the crushing burden of excess wheat stocks which may be frozen in the primary markets for lack of any outlet from our shores.

Practically all our world market for durum wheat used for macaroni and spaghetti is to be found in Italy. That market has been lost during the depression. It must be regained or 5,000,000 acres in the Red River Valley in the spring-wheat area will find its way into other production.

2. ACREAGE ECONOMY

Why flax has not been included in this bill is a wonder to me. Normally, we produce 20,000,000 bushels and consume 40,000,000 bushels, the other 20,000,000 being imported from Argentina. The Nation is in need of more linseed oil—paint—today than could be furnished by farmers through flax production for the next 5 years. Why is flax not included in this bill? It should be. When and if normal times return, the American farmer should have the benefit of the market in his own country, and not the farmers of Argentina. The importation of 20,000,000 bushels of flax approximates, in terms of acres, about 3,000,000. A loss of 3,000,000 acres to the Northwest farmers is not acreage economy—in light of a program, presently before us, which contemplates leasing wheatland to lie fallow. That is a legislative paradox.

We must preserve our markets for the durum-wheat exports and against the flax imports, which approximates in acres about 5,000,000 and 3,000,000, respectively, or 8,000,000 farm acres.

3. ADMINISTRATIVE EXPENSE

This will, of course, cost money. The largest trained force available for carrying out the provisions in this bill is the county agents, directed by the Extension Service in the various States. By training, experience, understanding, geographic, and personal relationships they are preeminently qualified and readily available for service in this program. Contrast their use with a nondescript method of hunting help, to say nothing of the patronage phase of selection.

Another legislative paradox would be created if we pass this bill, on the one hand, and discontinue Federal aid to the States for support of the extension departments and the county agents, on the other hand. I am informed that the Director of the Budget contemplates beheading all county agents, and that is why I direct attention to a probable legislative paradox or abortive economy.

Mr. KING. Mr. President, I have here a short statement upon the silver question, more or less pertinent to the discussion today. This statement I prepared several months ago. I ask that it be inserted in the RECORD.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

It is axiomatic that the volume of primary money in circulation influences, if it does not determine, the price of commodities. Mother earth has yielded for thousands of years gold and silver at substantially the same ratio from 12 to 15 to 1; that is, during this long period, when 12 to 15 ounces of silver were produced 1 ounce of gold was dug from the earth.

This ratio of production stabilized the values of these metals and they circulated throughout the world as primary money and interchangeable upon a parity fixed by their production and validated by custom or by law or both.

Gold and silver were recognized by the United States as the money of this country, and, circulating side by side, interchangeably, they supplied the monetary needs of people, stimulated industry, and brought prosperity. During the last century financial interests in various countries conspired to destroy silver as a money, thus diminishing the amount of primary money and, of course, the volume of circulating medium. Gold has appreciated in value measured by human toil and the products of labor.

The world depression is in part due to the debasement of silver and the determination to make gold the only measure of value, and the base upon which would be constructed the edifice of world business and credits. The savings of one half of the peoples of the world consist of silver. This effort to destroy silver as money has robbed the people of the Orient of the greater part of the value of long years of savings. The purchasing power of a billion of people in the Orient has been reduced almost to the vanishing point. India and China, if the value of silver measured by gold had not been almost destroyed, would have been purchasing billions of dollars' worth of commodities from the United States and European nations. Their standard of living would have been advanced and their purchases of products from the United States and occidental nations would have annually materially increased. India would have been buying cotton goods from Great Britain and Great Britain would have been purchasing larger quantities of cotton from the United States.

The cotton growers of the Southern States have lost billions of dollars in the decline of cotton and in the reduced purchases of cotton by English manufacturers. With silver reduced to 24 cents an ounce, China's purchasing power has been reduced more than three fourths. China, India, Mexico, and several South American countries are struggling for their economic life, and their deplorable economic condition reduced American exports to the extent of hundreds of millions of dollars annually, and directly and indirectly reduces the price of American commodities, the wages of American labor, and contributes to the unemployment situation and the frightful economic depression now afflicting the United States.

With the stabilization of silver and its restoration to a proper place in the monetary system of the world, peace would come to China, and hundreds of millions of Chinese would be ready to purchase American products of the value of hundreds of millions of dollars annually. This would mean, of course, that American mills and factories would increase their output, American farmers would find additional markets for their surplus products, and hundreds of thousands of unemployed American citizens would find employment.

With silver restored, Canada would increase her purchases of American products, and that would mean larger American production, with more jobs for the unemployed. Mexico's mines which are now closed would open, hundreds of thousands of Mexicans would find employment, and Mexico's imports from the United States, which have shrunk almost to the vanishing point, would be increased to the extent of several hundreds of millions of dollars. Of course, this would mean that more American goods and commodities would be produced, which would require larger capital investment, greater consumption of American raw materials, and the employment of a larger number of American workmen.

With silver restored, hundreds of American mines now closed down would be reopened, smelters and mills that are not operating would soon be functioning, and hundreds of thousands of men would be employed in the mining industry. With their employment the demand for steel and iron in mills and mines and smelters would be increased. This would mean thousands of men now idle would find employment. It would also mean that more iron ore would be required, and boats upon the Great Lakes and railroad cars would be required for transportation of the ores from the mines to the plants. With the opening of mines, mills, and smelters, the demand for lumber would be imperative, and tens of millions of dollars annually would be expended to purchase timber supplies; forests which are now silent would resound with the woodman's ax, and sawmills now idle would furnish work to unemployed Americans. Our railroads, which show such a sharp decline in transportation, resulting in the discharge of tens of thousands of employees, would be compelled to multiply their trains and varied activities, which would result in the employment of many thousands of persons who have been separated from the service. In my opinion the silver question is one of major importance, and its proper solution will contribute more to solve the unemployment problem and to bring back prosperity than any scheme or plan that has been suggested.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Louisiana [Mr. LONG].

Mr. THOMAS of Oklahoma. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. THOMAS of Oklahoma. Would a substitute for the Long amendment be in order at this time?

The PRESIDING OFFICER. It would be.

Mr. THOMAS of Oklahoma. I present an amendment in the nature of a substitute, and ask that it be read.

The PRESIDING OFFICER. The amendment, in the nature of a substitute, will be stated.

The CHIEF CLERK. The Senator from Oklahoma offers the following as a substitute for the amendment of the Senator from Louisiana:

On page 43, after line 5, insert:

"PART 6—FINANCING—AND EXERCISING POWER CONFERRED BY SECTION 8 OF ARTICLE I OF THE CONSTITUTION: TO COIN MONEY AND TO REGULATE THE VALUE THEREOF

"SEC. 34. Pursuant to the policy stated in this act, and for the purposes of raising commodity prices, meeting the existing deficit in the Federal Treasury and expenses of maturing obligations and the expenses of the Federal Government, the President is hereby authorized, within his discretion, to do either or all of the following mentioned acts:

"(a) To cause to be issued, in such amount or amounts as he may from time to time order, United States notes, as provided in the act entitled 'An act to authorize the issue of United States notes and for the redemption of funding thereof and for funding the floating debt of the United States', approved February 25, 1862, and acts supplementary thereto, and amendatory thereof, in the same size, and of suitable color, as the Federal Reserve notes heretofore issued, and in denominations of $1, $5, $10, $20, $50, $100, $500, $1,000, and $10,000: *Provided*, That the Secretary of the Treasury may, with the approval of the President, issue such notes in meeting all forms of current and maturing Federal obligations, and in addition may buy United States bonds and other interest-bearing obligations of the United States in such amounts per week as may be approved by the President.

"(b) By proclamation the President may fix the ratio of the proportional value of silver to gold in all coins which are by law current as money within the United States according to quantity in weight of pure silver or pure gold: *Provided*, That after the issuance of such proclamation there shall be free coinage of both gold and silver, at the ratio fixed as provided herein, subject to the conditions and limitations now provided by law with respect to the coinage of gold; and all the laws of the United States relating to such coinage or to recoinage, exchange, or conversion of coin, bars, or bullion of gold, shall apply equally, so far as practicable, to silver: *And provided further*, That the dollar, consisting of the number of grains of gold nine-tenths fine fixed as provided herein and/or of the number of grains of silver nine-tenths fine fixed as provided herein, shall be the standard unit of value and all forms of money issued or coined by the United States shall be maintained at a parity of value with this standard: *And provided further*, That it shall be the duty of the Secretary of the Treasury to maintain such parity between gold and silver and between all money issued or coined and the standard unit of value.

"(c) By proclamation the President may fix the weight of the gold dollar in grains nine-tenths fine, and in the event of the free coinage of silver, as provided in paragraph (b) hereof, may fix the weight of the silver dollar in grains nine tenths fine, and by such proclamation such gold dollar, and in the event of the free coinage of silver such silver dollar, with weights so fixed and maintained at a parity, one with the other, as provided in said paragraph (b), shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity with this standard and it shall be the duty of the Secretary of the Treasury to maintain such parity.

"(d) By proclamation the President may create a Dollar Stabilization Board whose duty it shall be to regulate, stabilize, and maintain as nearly as practicable the stabilized purchasing power of the dollar: *Provided*, That such Board shall be composed of 5 members and shall embrace the Secretary of the Treasury, the Governor of the Federal Reserve Board, the Comptroller of the Currency, and 2 additional members to be appointed by the President, by and with the advice and consent of the Senate.

"SEC. 35. The Secretary of the Treasury, with the approval of the President, is hereby authorized to make and promulgate rules and regulations covering any action taken or to be taken by the President, respecting either paragraph (a), (b), (c), or (d), of this title.

"SEC. 36. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sum or sums as may be necessary for carrying out the purposes of this title."

The PRESIDING OFFICER. The question is on the amendment, in the nature of a substitute, offered by the Senator from Oklahoma [Mr. THOMAS], to the amendment of the Senator from Louisiana [Mr. LONG].

Mr. THOMAS of Oklahoma. Mr. President, as a member of the Committee on Agriculture and Forestry, I desire to state that hearings were held upon the pending bill. Practically every witness who appeared before the committee testified that, in his opinion, no substantial relief could be provided for the farmer unless and until the money question should be considered and adjusted.

In the report upon this bill the committee, by a vote of 16 to 0, went on record in favor of some form of monetary expansion.

At this time I ask unanimous consent to have placed in the RECORD a copy of that portion of the report upon this bill dealing with the money question.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

The committee also directed that there be placed in this report a statement as to the necessity of an expansion of the currency and the absolute necessity for an increase in commodity prices. The statement as prepared and adopted by the committee is attached hereto, as follows:

DEFLATION MUST BE CHECKED

"The policy of deflation of commodity prices and farm values inaugurated in 1920 still persists. The first groups to feel the effects of this policy were farmers and stockmen. Thereafter in turn merchants, factories, wage earners, and now railroads; life-insurance companies and banks are tottering, and unless the foundation of prosperity—agriculture—is repaired all must fall.

"In reporting this bill favorably we feel that we should advise the Senate that, in our opinion, the bill will not alone afford the relief which the farmer must have to enable him to survive economically.

"If we concede that the bill reported will bring about all the benefits claimed—agricultural price parity with other commodities—yet we are forced to the conclusion that such limited relief will not enable the farmers to meet their fixed charges, such as taxes, interest, debts, and necessary expenses.

"Experts, students of the trend of developments and influences, are practically agreed that the deflation process is resumed after the recent bank holiday.

"Prior to the bank holiday some 12,000 banks failed, resulting in the destruction of some 20 billions of bank credit or deposit money. With the ending of the holiday additional thousands of banks failed to open, resulting in the temporary if not permanent destruction of additional billions of what we call and use for money.

"Such holiday resulted in the further withdrawal from circulation of all gold and gold certificates.

"During the past 3 weeks the Federal Reserve System has disposed of bills and United States Government securities in the total sum of over $1,000,000,000; reserve bank credit has been contracted in a sum of $956,000,000, and the money in circulation has been deflated in the total sum of $1,185,000,000.

"We report these facts and state that no substantial relief is possible for agriculture until the policy of deflation is not only checked but reversed and a substantial sum of actual money is admitted and, if need be, forced into circulation.

"We report that it is not sufficient to have an ample supply of currency in the vaults of the Federal Reserve banks, and that it is not even sufficient to have an ample supply of currency in the vaults of the National, State, and private banks of the country.

"With some 25 billions of bank credit—deposit money—canceled and destroyed, and with the remainder frozen and unobtainable; with much of the actual currency outside the Treasury hoarded and inactive; with over 40 nations of the world enjoying a lower production cost than the United States by reason of their depreciated currencies, the people, without either money or credit, are stopped, business is at a standstill, and deflation not only continues but is accentuated.

ONE-HUNDRED-CENT DOLLAR DEMAND

"The Federal Reserve System, created to serve and promote the best interests of the people, commerce, and industry, while pretending to be trying to keep sufficient money and credit available, has failed. Some 10 other Federal agencies have been created to assist in making Federal credit available to those needing and demanding assistance.

"We report that with our present restricted volume of bank credit and with a like restriction of actual money in practical circulation—owing to hoarding—we recommend that existing policies of selling bills, United States securities, and deflating the currency and credit be reversed and that a sufficient volume of money be placed in circulation to replace the currency hoarded and to supplement the bank credit or deposit money now frozen in the banks of the country.

DOLLAR MUST BE STABILIZED

"Agriculture demands an adequate supply of honest and sound money and reports that at this time we have neither.

"Agriculture does not demand a 50-cent dollar or an unsound dollar but does protest the retention of a 200-cent dollar. A dollar which fluctuates in purchasing power from 50 cents in 1920 to 200 cents in 1933 is neither a sound nor an honest dollar. Dollars so scarce as to be obscure, thereby forcing into existence systems of barter, trade, and scrip, are not adequate.

"Agriculture demands that the farmer should have a 100-cent dollar; that the purchasing power of the dollar should be fixed and established at that point to serve the best interests of the people, trade, commerce, and industry, and that when such value is once fixed it should be stabilized at such value.

"We report further that no just, substantial, reliable, or permanent relief can be provided agriculture or any other industry until the money question is considered and adjusted."

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President——

Mr. THOMAS of Oklahoma. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. After a brief executive session, it is expected that a motion will be made to take a recess until 11 o'clock tomorrow morning. I make this announcement in order that Senators may understand what is contemplated. I spoke to the Senator from Oregon [Mr. McNARY] about the matter, and it is satisfactory to him.

I now move that the Senate proceed to the consideration of executive business.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

REPORTS OF COMMITTEES

The PRESIDING OFFICER. There are no messages from the President. Reports of committees are in order.

CLIFTON MATHEWS

Mr. ASHURST. I am authorized by the Committee on the Judiciary to report back favorably the nomination of Mr. Clifton Mathews, of Arizona, to be United States district attorney for the district of Arizona.

The PRESIDING OFFICER. The nomination will be read.

The Chief Clerk read the nomination of Clifton Mathews, of Arizona, to be United States attorney, district of Arizona, to succeed John C. Gung'l, whose term expired March 2, 1933.

Mr. ASHURST. I ask unanimous consent for the immediate consideration of the nomination.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and, without objection, the nomination is confirmed.

EDWARD M. WATSON

Mr. KING. From the Committee on the Judiciary I report back favorably the nomination of Edward M. Watson, of Hawaii, to be fourth judge of the circuit court, first circuit of Hawaii.

The PRESIDING OFFICER. The Senator from Utah reports favorably a nomination, which will be stated.

The Chief Clerk read the nomination of Edward M. Watson, of Hawaii, to be fourth judge, circuit court, first circuit of Hawaii.

Mr. KING. Mr. President, may I say to the able leader upon the other side of the Chamber that Judge Watson is now serving. His term has expired, and the Judiciary Committee were unanimous in recommending the approval of his nomination for reappointment.

I ask that the nomination may be acted upon at this time.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Utah? The Chair hears none, and, without objection, the nomination is confirmed.

Mr. KING. I ask that the President be notified.

Mr. COUZENS. Mr. President, we got into trouble once before by notifying the President before the time had elapsed. I do not think he ought to be notified until the time has elapsed.

Mr. KING. Very well.

The PRESIDING OFFICER. Objection is heard.

THE CALENDAR

The PRESIDING OFFICER. If there are no further reports of committees, the calendar is in order.

THE ARMY

The Chief Clerk read the following nominations in the Army:

PROMOTIONS IN THE REGULAR ARMY

William James Davis to be colonel, Infantry.

John Fleming Clapham to be colonel, Adjutant General's Department.

Albert Sidney Johnston Tucker to be lieutenant colonel, Infantry.

Marion Ogilvis French to be lieutenant colonel, Infantry.

Clarke Kent Fales to be major, Infantry.

Paul August Hodapp to be major, Quartermaster Corps.

George Henry Zautner to be major, Quartermaster Corps.

Ezra Davis to be major, Quartermaster Corps.

Solomon Foote Clark to be major, Field Artillery.

Stowe Thompson Sutton to be captain, Infantry.

James Ainsworth Brown to be captain, Infantry.

Elliott Raymond Thorpe to be captain, Infantry.

Oscar Douglas Sugg to be captain, Infantry.

George Elmer Pruit to be captain, Quartermaster Corps.

Le Roy Allen Walthall to be captain, Air Corps.

Lucas Victor Beau, Jr., to be captain, Air Corps.

Joseph Howard Gilbreth to be first lieutenant, Infantry.

James Francis Collins to be first lieutenant, Field Artillery.

Horace Alvord Quinn to be first lieutenant, Infantry.

Lee Roy Williams to be first lieutenant, Infantry.

James Virgil Thompson to be first lieutenant, Infantry.

Henri Anthony Luebbermann to be first lieutenant, Cavalry.

Harold James Coyle to be first lieutenant, Field Artillery.

Paul Edwin Meredith to be first lieutenant, Infantry.

Olaf Helgesen Kyster, Jr., to be first lieutenant, Coast Artillery Corps.

The PRESIDING OFFICER. Without objection, the nominations are confirmed.

THE MARINE CORPS

The Chief Clerk read the nomination of Rosco Ellis to be chief quartermaster clerk in the Marine Corps.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

That completes the calendar.

The Senate resumed legislative session.

RECESS

Mr. SMITH. I move that the Senate take a recess until 11 o'clock a.m. tomorrow.

The PRESIDING OFFICER. The question is on the motion of the Senator from South Carolina.

The motion was agreed to; and (at 5 o'clock and 38 minutes p.m.) the Senate took a recess until tomorrow, Tuesday, April 18, 1933, at 11 o'clock a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 17, 1933

FOURTH JUDGE, CIRCUIT COURT, FIRST CIRCUIT OF HAWAII

Edward M. Watson to be fourth judge, circuit court, first circuit of Hawaii.

UNITED STATES ATTORNEY

Clifton Mathews to be United States attorney, district of Arizona.

PROMOTIONS IN THE REGULAR ARMY

William James Davis to be colonel, Infantry.

John Fleming Clapham to be colonel, Adjutant General's Department.

Albert Sidney Johnston Tucker to be lieutenant colonel, Infantry.

Marion Ogilvis French, to be lieutenant colonel, Infantry.

Clarke Kent Fales to be major, Infantry.

Paul August Hodapp to be major, Quartermaster Corps.

George Henry Zautner to be major, Quartermaster Corps.

Ezra Davis to be major, Quartermaster Corps.

Solomon Foote Clark to be major, Field Artillery.

Stowe Thompson Sutton to be captain, Infantry.

James Ainsworth Brown to be captain, Infantry.

Elliott Raymond Thorpe to be captain, Infantry.

Oscar Douglas Sugg to be captain, Infantry.

George Elmer Pruit to be captain, Quartermaster Corps.

Le Roy Allen Walthall to be captain, Air Corps.

Lucas Victor Beau, Jr., to be captain, Air Corps.

Joseph Howard Gilbreth to be first lieutenant, Infantry.

James Francis Collins to be first lieutenant, Field Artillery.

Horace Alvord Quinn to be first lieutenant, Infantry.

Lee Roy Williams to be first lieutenant, Infantry.

James Virgil Thompson to be first lieutenant, Infantry.

Henri Anthony Luebbermann to be first lieutenant Cavalry.

Harold James Coyle to be first lieutenant, Field Artillery.

Paul Edwin Meredith to be first lieutenant, Infantry.

Olaf Helgesen Kyster, Jr., to be first lieutenant, Coast Artillery Corps.

PROMOTIONS IN THE NAVY

MARINE CORPS

Rosco Ellis to be chief quartermaster clerk.

HOUSE OF REPRESENTATIVES

MONDAY, APRIL 17, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Thou who art our all-glorious, Heavenly Father, be merciful to accept the poverty of our gratitude. We pray that the spirit of our divine Teacher may purge out the leaven of envy, of jealousy and selfishness, that we may all be brought together in common sympathy, in common desire for the common welfare of our country. As we walk in the midst of care and labor, give us a sense of Thy overruling sovereignty and of that life that is above this life. Let our thoughts and feelings carry no pain, but joy, well-wishing, and good will. Father in Heaven, look graciously upon all classes and conditions of men. May our hands be open and our hearts warm to encourage and succor those who are in need and in misfortune. In the name of the world's Saviour. Amen.

The Journal of the proceedings of Friday, April 14, 1933, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 158. An act to prevent interstate commerce in certain commodities and articles produced or manufactured in industrial activities in which persons are employed more than 5 days per week or 6 hours per day.

IMPEACHMENT PROCEEDINGS AGAINST UNITED STATES DISTRICT JUDGE HAROLD LOUDERBACK

The SPEAKER laid before the House the following communication from Edwin A. Halsey, the Secretary of the Senate, transmitting a copy of the answer of United States District Judge Harold Louderback to the articles of impeachment exhibited against him by the House of Representatives, which was referred to the managers on the part of the House conducting the impeachment proceedings:

I, Edwin A. Halsey, Secretary of the Senate of the United States of America, certify that the Senate, sitting for the trial of Harold Louderback, United States district judge for the northern district of California, upon articles of impeachment exhibited against him by the House of Representatives of the United States of America, did on April 11, 1933, adopt an order, of which the following is a full, true, correct, and compared copy:

"*Ordered*, That the Secretary of the Senate communicate to the House of Representatives an attested copy of the answer of Harold Louderback, judge of the United States district court in and for the northern district of California, to the articles of impeachment, and also a copy of the foregoing order."

I do hereby further certify that the document hereto attached, consisting of 38 sheets, is a photostatic copy of the answer of said Harold Louderback to the articles of impeachment exhibited against him by the House of Representatives, presented by said Harold Louderback to the Senate, sitting as Court of Impeachment, on April 11, 1933.

In testimony whereof, I hereunto subscribe my name and affix the seal of the Senate of the United States of America this 12th day of April A.D. 1933.

[SEAL] EDWIN A. HALSEY,
Secretary of the Senate of the United States.

THE TAXING OF CRUDE OIL

Mr. PARKS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including a very brief statement on the oil situation by a distinguished citizen of my State.

Mr. KVALE. Mr. Speaker, I reserve the right to object, and do so only for the purpose of obtaining the floor for a moment to ask the majority floor leader if he cannot tell the House where the direct relief bill is and when it may come out.

Mr. BYRNS. The direct relief bill is under consideration by the Committee on Banking and Currency. I am sorry I cannot give the gentleman any definite information as to when it will be reported. The chairman of this committee is here. I shall ask him to answer the gentleman's question.

Mr. STEAGALL. In deference to the wishes of some of the members of the committee we have conducted short hearings on this bill. We hope to finish the hearings, and probably finish the bill tomorrow.

Mr. KVALE. Of course, the gentleman is fully aware of the desperate need there is in many sections of the country.

Mr. STEAGALL. Yes.

Mr. KVALE. And he is anxious to expedite this legislation.

Mr. STEAGALL. Certainly.

Mr. KVALE. Mr. Speaker, I withdraw my reservation of objection and apologize to the gentleman from Arkansas for the delay.

Mr. RICH. Mr. Speaker, reserving the right to object, may I ask the gentleman from Arkansas if it was his own remarks he wished to extend?

Mr. PARKS. I made the statement that I wished to extend my remarks by including about 20 lines of a statement of a distinguished citizen of my State on the question of oil taxation.

Mr. RICH. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. PARKS. Mr. Speaker, under permission granted me to extend my remarks in the RECORD, I include a statement by Judge George M. LeCroy, of El Dorado, Ark., on the Taxing of Crude Oil.

Judge LeCroy is a profound lawyer and an able judge. For many years he has been judge of the second division of the seventh chancery district of Arkansas. In the past 10 years he has heard thousands of cases involving every conceivable question pertaining to oil and oil production; he has been a student of taxation, and while he is an independent producer he has made a careful survey of the entire field of oil production, and I think this statement is worthy of being printed in the RECORD for the benefit of all who are interested in this subject.